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THE INDEPENDENT

WEDNESDAY 25 SEPTEMBER 1996

WEATHER SHOWERS

40P (IR 45P)

3.100

Can anyone fill Clarke's shoes?

COLIN BROWN and
ANTHONY BEVINS

John Major last night left his Chancellor Kenneth Clarke swinging in the wind in spite of issuing a mild rebuke to a Foreign Office minister for accusing Mr Clarke of being "out of line" with the rest of the Government on a single European currency.

The Prime Minister was forced to support his Chancellor to stop Mr Clarke's position being made untenable at the Tory party conference in a fortnight where right-wing Eurosceptics will be lining up to challenge him.

The Prime Minister's office said Sir Nicholas Bonosor, Minister of State at the Foreign Office, had been "mistaken" in his attack on the Chancellor's views, but it stopped short of a full message of support for Mr Clarke.

Mr Major spoke to Mr Clarke by telephone yesterday when the Chancellor landed in Bermuda, but subsequent No 10 statements failed to answer reports that Mr Major is furious with Mr Clarke for holding out against a more Eurosceptic policy which could trump Tony Blair's New Labour.

The Prime Minister's dither followed a clear-cut challenge from Paddy Ashdown at the Liberal Democrat conference in Brighton: "Stop undermining

Liberal Democrats have a lot to offer, but their honesty must include a recognition that 'The Voters' are not as liberal-spirited and reform-minded as Mr Ashdown would have us believe.

Leading article,

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your Chancellor in private and come and back him public."

The challenge, calculated to add to Mr Major's difficulties - caught in the crossfire between Heathite "grandees" and the Thatcherite Right - was added to the Ashdown speech as a late adjustment. Mr Ashdown, who is the only leader with a positive line on the single currency, said the Cabinet was at war with itself, and he accused Mr Major

of being, behind-the-back brief against his own Chancellor: "We all know what's happened," he said. "The Prime Minister has been pushed

by the Little Englanders in his own party once again.

Government is being run on the basis of weakness and ap-

peasement once again."

Cabinet colleagues privately said it would be "disastrous" for the Government to lose the Chancellor. Michael Heseltine, the deputy Prime Minister, lined up with Mr Clarke, warning the Eurosceptics that the option for entering a single currency would not be closed before the election. But the signal from Downing Street was double-edged, making it clear that Mr Clarke must adhere in future to the line the Cabinet has agreed.

The No 10 spokesman said: "The Prime Minister has made it clear all ministers must adhere to the position agreed by the Cabinet. The Chancellor fully supports this policy and believes his views have been misinterpreted." The Minister of State gave his interview on the basis of press reports of the Chancellor's views and accepts that he was mistaken ...

It was intended as a clear signal to the Eurosceptics to hold back from attacking Mr Clarke at the Tory conference, but it is unlikely to keep them at bay.

Sir Edward Heath said there was an attempt to "get Clarke" by the Eurosceptics, and there was no attempt to deny reports that Mr Major shared the anger at Mr Clarke's remarks.

The backstabbing against the Chancellor also involved Conservative Central Office. Senior Tory sources were behind reports that Mr Major was furious over Mr Clarke's claim at the weekend that it would be "pathetic" if Britain waited for other countries to launch a single currency before deciding whether to join.

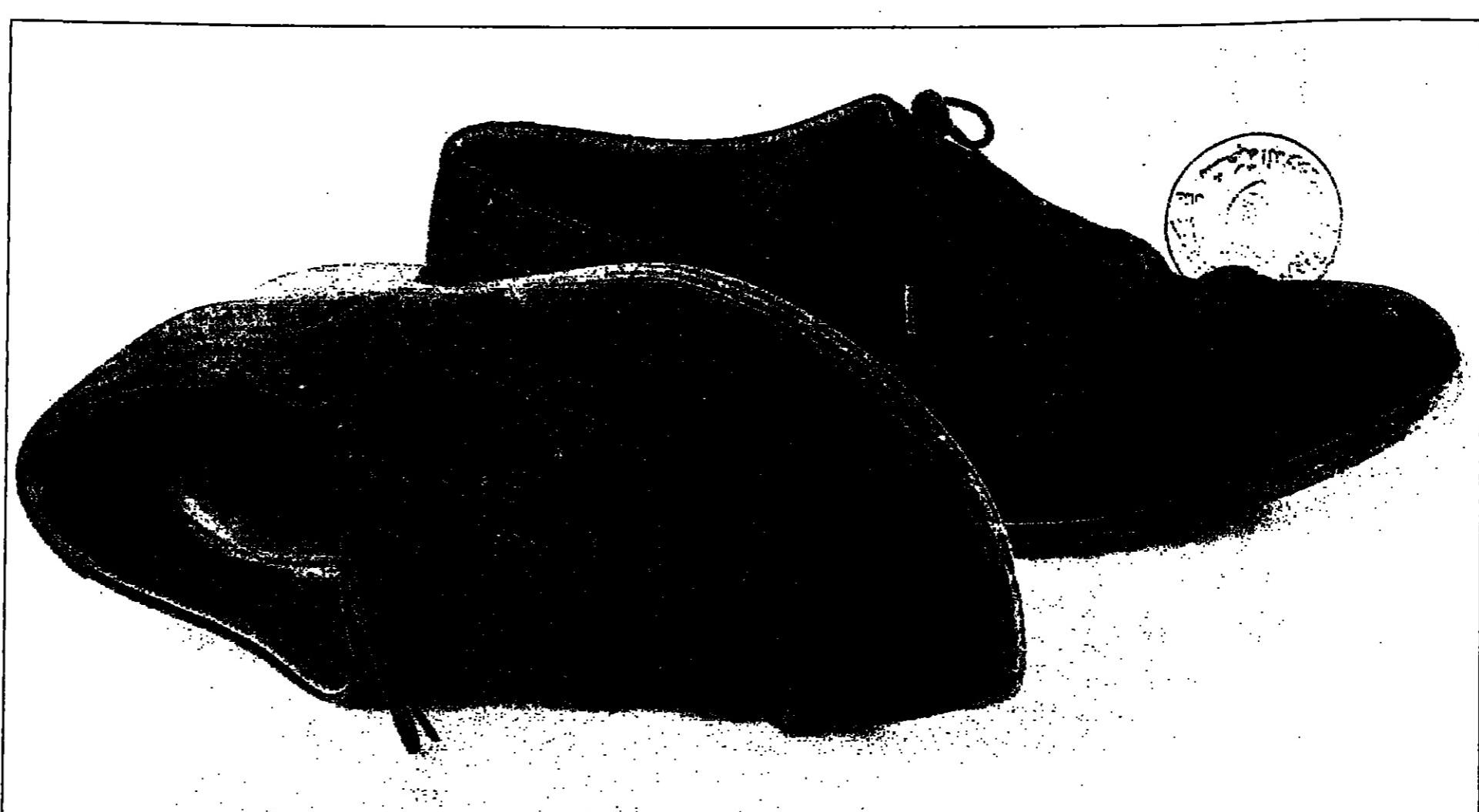
Mr Clarke was in the air en route for a finance conference in Bermuda when Downing Street began the damage limitation operation.

Sir Nicholas, a Eurosceptic, said: "I think he will be out of time with the view of the vast majority of the party and I think it is out of line with what the government policy has been as expressed before ...

"I think the difference between Mr Clarke and some of us is that we think we can have a single European currency without having a federal Europe. We think, many of us in the party, that that would be an inevitable step down a road we don't want to advance down."

Two normally supportive Cabinet colleagues yesterday told *The Independent* that it was the Chancellor's own fault. "The trouble with Ken is that he is just too honest and speaks his mind," said one.

Another Cabinet minister said: "There are only two people out of the 55 million in this country who think we are going to join the single currency in the first wave - Ken Clarke and possibly Heseltine."



Shoddy footwork: John Major is reportedly furious with Kenneth Clarke for holding out against a more Eurosceptic policy which could trump New Labour. Photograph: Tony Buckingham

No. They're not even fit to tie the laces

By Andrew Marr

backside and daring everyone to kick it", as a Tory official charmlessly put it.

Yesterday it earned him one of the most vicious kickings that a senior Tory minister has had from the Tory Press in modern times. It came in particular from the Murdoch empire, which both Mr Major and Tony Blair are nervous of. *The Sun* said he should go or be sacked: "Don't kid yourself that anyone would miss you, Ken ... Clarke must be stamped on."

Using notably similar language, the *Times* said he was dishonourable and brutally concluded:

"He would be less missed than he likes to think and little mourned."

Given that Clarke is a Chancellor with a rising economic reputation, whose pre-election Budget matters hugely to the Tories and who is speaking out bravely in what he believes is Britain's national interest, this is extraordinary stuff. A politi-

cal lynch mob of compulsive disloyalists are now howling against the Chancellor for treachery - the treachery of arguing his case rather more moderately than they do theirs.

Most are not fit to tie the laces of his notoriously unhygienic suede shoes; and among the politicians in the lynch mob, there isn't one big enough to fill them.

What is Mr Major's attitude to all this? His message of support yesterday, after a junior minister openly attacked the Chancellor (put up to it, we hear), was cold and terse. Deliberately so, surely: Major's people have been briefing in ever-stronger terms about how angry he is with Clarke, and how strongly he personally opposes the single currency.

In this way, Major has been using the parliamentary lobby to send desperate semaphore signals to Clarke's bitterest critics.

The loss of Clarke would cause serious Budget problems, and perhaps market ones too:

Clarkeites. But if the Tories lose the election, Clarke might still be in a pivotal position, not as a Tory leader, but as a factional leader in the new parliament. Why? Because a Portillo or Redwood-led Tory opposition would lose the pro-European Tories. One said this week: "I don't think anyone has ever behaved as disloyally as Redwood ... a lot of us won't forgive him and we won't serve under him."

As Prime Minister, Tony Blair would face just the same

dilemmas and would have, no doubt, rebels on his benches. So pro-EMU Tory MPs could find themselves mattering to Britain's future in Europe, if not to the future of the Conservative Party itself.

These are deep waters. But as the anti-Brussels Tories scent victory, feeling themselves close to ousting Clarke out of politics, they should exercise a little modesty. He's a brave and tough man. It won't be as easy as that.

Judge says stalking should be a criminal offence

PATRICIA WYNNE DAVIES

Legal Affairs Editor



A defence barrister was reported to the Bar Council yesterday after he told a court that a stalker's victim had behaved like a "Queen Bee that dresses to kill". The barrister was rebuked by the judge, who also called for a new law making stalking a criminal offence.

The stalker, Clarence Morris, a convicted rapist, was later found guilty by a Southwark Crown Court jury of two charges of assault for conducting a terrifying campaign against Perry Soutthall, a dental nurse, 20. Brandishing him a "very dangerous man", Judge Gerald Butler called for a new law making stalking a criminal offence to be brought in without delay.

While adjourning sentence until 22 October, Judge Butler said he was considering detention in a secure mental hospital for Morris, who had subjected Ms Soutthall to 200 incidents of harassment, including twice threatening her with a blade-edged wallpaper scraper.

He had also showered her with bottles of champagne,

threw items of women's underwear into the east London dental practice where she worked, and plagued her with 35 letters declaring his love for her. The six-man, six-woman jury agreed with the prosecution that the campaign amounted to actual bodily harm because it had psychologically damaged Ms Soutthall to such an extent that it was equivalent to physical injury. He was also convicted of common assault.

The case was an noteworthy for the description of Ms Soutthall by the barrister David Stanton, which prompted Julie Bindel, of the International Conference

QUICKLY

Worked to breakdown

Britain's workforce is being driven to the brink of a mass nervous breakdown as employees work the longest hours in Europe.

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Dead suspect named

Details emerged about the IRA suspect, Dermot O'Neill, 27, who was shot by police during a huge anti-terrorist operation in which 10 tons of explosives were recovered.

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2 news

'Lovely lad' killed in raid on IRA

JASON BENNETT
and DAVID McKITTRICK

Details emerged yesterday about the IRA suspect, Dermot O'Neill, 27, who was shot dead by police during a huge anti-terrorist operation in which 10 tonnes of explosives were found.

The parents of Mr O'Neill, who was born and lived in London, flew from their home in the Irish Republic yesterday to identify their son's body. Their other son, Shane, 23, is understood to be among the five men arrested during the early morning raids on Monday.

All of the suspects were still being questioned yesterday at

Paddington Green police station. Armed officers carried out raids at four addresses and recovered a vast amount of home-made explosives, two lorries, car booby traps, and guns at a north London warehouse.

Eoghan and Teresa O'Neill, who are retired, yesterday travelled to London from their home in Kilbrin, 30 miles from Cork. Their son was shot at a guesthouse in Hammersmith, west London, and later died in hospital. Shane was also arrested at the address.

Dermot O'Neill was born and lived in London and, like his brother Shane, went to London Oratory School in south-west

London. John McIntosh, the headmaster of the school, whose pupils include Tony Blair's son, Euan, said both were "well-behaved and pleasant".

There are reports that Dermot O'Neill was sentenced to 12 months in a young offenders' centre after being convicted of fraud and deception charges in 1988. The offences were linked to the Shepherds Bush branch of the Bank of Ireland involving a sum of £75,000, a part of which was reportedly channelled to the IRA.

Alan Finn, 36, who lives opposite the brothers in Averil Street, said he saw Shane being arrested. He said: "He and his

brother were very neighbours. They didn't come across as being Irish because they both talked with Cockney accents."

Mr O'Neill's parents moved to Ireland from London two years ago when they retired. Mr O'Neill originates from Co Cork and his wife from Dublin. They also have two daughters.

Dermot O'Neill was in Cork for his father's birthday a couple of weeks ago, according to local residents. Publican Charlie Madden said: "I'm shocked. This was a lovely lad who came home to see his father a couple of times a year." He added that the family never spoke about, nor got involved in, politics.

The Irish Republican Socialist Party, regarded as the political wing of the INLA, claimed yesterday that O'Neill had been unarmed when shot, and called on the media to investigate his death.

The other four men being questioned are known as Brian McHugh, James Murphy, Patrick Kelly and Michael Phillips, a 21-year-old, newly qualified engineer working at Gatwick airport.

Anti-terrorist officers continued to carry out a detailed search of the three raided properties in London and another property in Crawley, Sussex.

Early yesterday, the Irish

police also carried out a series of raids on homes close to the southern side of the border in Co Monaghan and also in Co Longford. The moves were linked to the London operation but no one was arrested.

The explosives find in London has plunged the Northern Ireland peace process deeper into crisis. The clear indication that the IRA was intent on fresh bombings has hardened Unionist determination that the issue of decommissioning terrorist weapons must be dealt with at the top of the multi-party talks agenda - which has still not been agreed following weeks of wrangling by participants.

significant shorts

Tory flagship tips out refuse contract

Law will force schools to set targets

Schools will be required by law to measure their progress against performance targets from next year, Gillian Shepherd, the Secretary of State for Education announced yesterday.

The Conservatives' flagship local authority has been forced to call a halt to a private refuse collection service after being inundated with complaints.

Wandsworth Council has given the Serviceteam company 12 months' notice to quit although the contract had five years left to run.

Arguing that it constituted a "spectacular failure" of the compulsory competitive tendering policy, union officials claimed that the company had failed to empty an average of 100 bins a day and received 800 complaints in one week during July.

Phil Walker, a director of

Serviceteam, confirmed the company was losing around £1m a year on the contract and had come to a settlement with the council.

A spokesman for the Tory group said it was only the second time, out of 110 contracts, that this had happened. "We are convinced that Compulsory Competitive Tendering gives value for money for residents," he said.

Barrie Clement

Quarters sale nets £1,662m for MoD

Tougher marking is to be introduced for learner drivers taking their theory test, the Driving Standards Agency announced yesterday.

About 85 per cent of those who have sat the test since it was introduced in July have passed. The DSA is now to make the pass mark higher, rising from 26 to 30 out of 35, starting from 1 October.

Bernard Herdman, the chief executive of the DSA, said people would be "safer drivers as a result".

Car-free day for Britain

Britain's first car-free day is to be held, with the support of government ministers, on 17 June next year when people will be asked to leave their cars at home and travel by public transport, foot or bicycle. *Christian Wolmar*

Welsh poets call off strike

Welsh bards are claiming a victory after the BBC agreed to cut the amount of English on its Welsh radio service.

The poets refused to take

part in the recording of a new

series of radio shows in

protest at BBC Radio Cymru

using too much spoken

English. But they have called

off a five-week strike after

the BBC promised to ban

English jingles and to play

fewer English records. A

Radio Cymru spokesman said

it was fantasy to suggest the

BBC had given in. "Most of

the changes introduced ...

have been in direct response

to listeners' wishes," he said.

David Hickson

Social worker jailed

A social worker who beat a disabled neighbour senseless and stabbed him with a screwdriver in a feud over a garden fence was jailed for six weeks. Victim Howard Marshall begged for mercy as he was battered by at least 20 punches from David Hickson, a court heard.

Hickson, 45, was found guilty of assault after a private prosecution brought by his neighbours because the Crown Prosecution Service twice dropped hearings claiming lack of evidence.

Airline offers bird a lift

An injured housemartin is all set to migrate south for the winter - by scheduled airline.

The tiny creature was unable to make it to North Africa under its own steam after a cat tore off its wing feathers. But Algeria's national airline, Air Algerie, has offered to fly him to his winter home. All the tiny hitchhiker, named Merlin, needs now is a lift to Heathrow from Fyvibury, Devon, where David Gabriel, a veterinary surgeon, has been looking after him.

Students get attack alarms

Students from Launceston

College, the school where the

murdered teenager Caroline

Dickinson was a pupil, have

been issued with personal

attack alarms for the school's

first residential field trip

since her brutal sex killing

in the French village of Pleimes

Forges in July.

Caroline, 13, had been

sleeping between some bunk

beds with four other girl

students when an intruder

raped and suffocated her in

the room in the youth hostel.

French police are still

hunting her killer.

The alarms have been is-

sued to 11 pupils and a

teacher from the school who

are on a week's A-level geog-

raphy trip at an unnamed

youth hostel in the UK.

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Inquiry into cash paid in police sex case

STEVE BOGGAN

Allegations of sexual harassment within North Yorkshire police force - resulting in a £130,000 compensation payout to a "traumatised" police woman - are to be scrutinised by two separate inquiries.

The county's police authority announced yesterday that it was calling in Her Majesty's Inspector of Constabulary, David O'Dowd, and its own auditors to examine the way the affair was handled.

However, following a five-hour meeting between the North Yorkshire police authority and its Chief Constable, David Burke, both insisted they were satisfied with their own roles. Mr Burke said his hands were clean and the authority said it had acted honourably, although it expressed reservations about police investigating themselves.

The force has been accused of paying off Libby Ashurst, 27, a former officer with the CID at Harrogate, and a colleague, Amanda Rose, who is understood to have received about £10,000, to suppress embarrassing details of the harassment to which they were subjected.

10
1986-1996

On 7 October we will be celebrating a decade of innovation - ten years during which The Independent has changed the shape of quality journalism.

We are marking our birthday with a week full of surprising improvements and inspirations. Make it a date.

It is understood that a two-year inquiry uncovered incidents of bullying, strange initiation ceremonies and a raft of allegations of sexual harassment. In one incident, the women were asked by a senior officer to wear more provocative clothing, including stockings and suspenders, and in another, a male detective sergeant was accused of stripping and attaching a lost property label to his penis.

Several officers have been disciplined or fined or both, but no one has been dismissed.

After yesterday's hearing, Mr Burke told a news conference that he was confident the affair had been handled correctly. "Over the years many allegations have been made about me," he said. "None of them of a disciplinary nature have ever proved to be successful and that's what I would hope in this case."

"I certainly believe my hands are clean. I have tried to deal with this matter throughout as impeccably as I could."

Angela Harris, police authority chairwoman, said she considered Ms Ashurst's settlement - understood to include an £18,000 pension - fair.

"Miss Ashurst has lost not only her livelihood - she had a bright career ahead of her - she has lost her health and her self-confidence, and from what I read she has completely broken down," Ms Harris said.

"There is no limit on the settlements for sexual harassment at industrial tribunals, and we also have to consider the cost to North Yorkshire Police and the authority if we had gone on further, which could have been very great."

She said that the authority's auditors, Price Waterhouse, would conduct an inquiry to supplement Mr O'Dowd's, and added that she planned to complain to Michael Howard, the Home Secretary, over the "inadequacy, inflexibility and inappropriateness" of regulations governing police complaints and discipline and expressing concern about the police investigating themselves.

After the award was made, Ms Ashurst's father, Jerry, the principal of Doncaster College of Further Education, had said: "I do not believe the Chief Constable's statement that none of the hierarchy was involved."

"I believe the culture is pervasive of sexual harassment and bullying and I cannot accept that senior officers are so lacking in knowledge of what is going on at the various levels within the force."



Groves of academe: Pickers working yesterday at Manor Farm, Ightham, Kent, one of many fruit areas that has been left with a harvest but not enough people to bring it in. Kent orchards rely on students as casual labour but this autumn the crop is a crucial week late and the students have returned to university

Photograph: David Rose

Workers on the brink of breakdown as Britain becomes sweatshop of Europe

REBECCA FOWLER

Britain's workforce is being driven to the brink of nervous breakdown, with employees working the longest hours in Europe, amid sinking morale and rising divorce rates.

The number of British workers putting more than 50 hours a week has grown by a third according to European Commission figures, with 1 in 59 people working more than 70 hours.

The average length of the British working week is calculated at 43.1 hours.

Since the recession, and the "downsizing" of industry, companies have fought for survival.

And with bosses continuing to drive workers to the limit - fewer people doing more work on less secure contracts - there are increasing claims that Britain is the new sweatshop of Europe.

Managers themselves are also suffering, according to Professor Cary Cooper, head of occupational psychology at the University of Manchester's Institute of Science and Technology, who claims Britain will face mass exhaustion if conditions are not improved.

He said: "We could withstand the Dunkirk effect, where people were all for working very hard to come out of the recession,

to retain jobs and get businesses back. But in the long term people cannot cope."

"You get your economy going, but all the surveys point to the fact that people are extremely overloaded. If you are to sustain economic development you have to understand it's taking its toll, not only on the health of the workforce but its impact on family life. We also

have the highest divorce rate in Europe."

The first worker to win compensation for work-related stress, a social services manager, was paid £200,000 last year, after suffering a nervous breakdown following a fivefold increase in his caseload. John Walker described afterwards how overwhelmed he had become. He said: "Tiers of man-

agement had been taken out and the others were left to cope. I could do nothing for the people below me and nobody above me wanted to know. I knew I was making mistakes, but I couldn't do anything about it."

In Surrey, the Mother's Union claims the county has the highest divorce rate in Europe, more than 40 per cent, and blames the strain of commuting

and long working hours among its high-achieving residents for the marriage breakdowns.

There are few areas of working life that have been unaffected. The first national 24-hour helpline for stressed doctors was set up earlier this year; the Police Convalescent Home continues to offer a sanctuary to overworked officers; while many low wage earners

are holding down three jobs at a time to make a living.

The professional classes are suffering too. Research earlier this year revealed lawyers to be so overworked they were considering quitting in droves. They described work as the equivalent of a prison sentence, and nine out of 10 said they were suffering overload.

In a survey of 400 companies British workers emerged as having the lowest in morale in Europe. While the Swiss, Dutch and Germans appeared relatively happy with their lot, the British were the most miserable, followed by the Italians.

Roger Maitland, managing director of Survey Research International, which published the findings, said: "Britain has obviously become much more of a pressure-cooker. Everyone has one and a half jobs or more at all, and at every level of the food chain there is significantly more pressure ..."

"In the short term we've become very efficient, and it's made us more competitive and the growth rate higher. What I'm arguing for is for Britain to sustain that growth on the back of satisfied employees. Human beings are like machines and they wear out if they are not looked after."

Office well washes away stress

JOJO MOYES

Futons, fish tanks and a wishing well are among the features of a £20m new office building intended to provide the perfect working environment.

It is being built to house 1,000 employees of the catalogue company Freemans who will handle 25 million telephone calls from customers a year.

To keep them relaxed there will be Japanese-style anti-stress rooms equipped with futons and fish tanks for a "tranquill" atmosphere, glass partition walls which appear to have water flowing through them and a wishing well called "the Freemans Fountain of Youth". There will also be a gym, a professional counsellor and nurse.

A spokesman said the design was agreed after surveys into stress at work. "The company decided that because the new call centre is going to be handling virtually all

Freemans' business in terms of catalogue customers phoning orders in, and customer services, that the environment should be calming and relaxing," he said.

The large-scale investment in the quality of the working environment came partly as a result of recognition that the centre's atmosphere was likely to be highly charged.

"This will be an intense working atmosphere and Freemans' attitude is that if stress is high in such an atmosphere you're going to be losing more staff to sickness - it will be more of a drain than a motivator." Freemans believed relaxed and happy staff worked better, he added.

One of the UK's biggest providers of home shopping, the company has been in Sheffield for 21 years, in a Sixties office block considered ill-equipped for modern working practices.

When the company decided that it had outgrown the building several years ago, it opted to design and build a working environment from scratch.

"Last century, fewer than one in 100 people worked in an office," Keith Bassett, Freemans' general manager, said. "Today, office life is the norm. Unfortunately, few companies have moved with the times, with the result that many companies are horrendous places to work and drab, rather than motivate staff."

"Although in a call centre handling 25 million calls each year we can't eliminate stress altogether, we can minimise the risks. We've created a working environment that will offer our people the facilities and support they need to tackle stress in a positive way."

The building is due to be completed next Spring and is expected to be fully operational by the Summer.

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news

Here's looking at yew ... for another thousand years



20/20 vision: Professor David Bellamy casting an expert eye over a 1,000-year-old sprig of yew in London yesterday at the launch of the Yew Tree Millennium Project which aims to celebrate the occasion by donating one of the trees to every local community in Britain. Photograph: Ian Waldie

Surge in crime gives lie to official claims

JASON BENNETT
Crime Correspondent

The number of crimes in England and Wales rose in the past year, with violent offences shooting up by 17 per cent, according to two reports published yesterday.

One of the studies, which is considered the most accurate, showed that crime has continued to rise since 1981, despite government claims that they had "turned the tide" in the past few years and offences were going down.

The British Crime Survey (BCS), in which 16,500 people were interviewed, reveals that only one in four crimes are recorded by the police. In 1995,

it estimates there were more than 19 million offences, although in the past year the rate of increase has slowed considerably, with a 1.1 per cent rise.

The second survey shows that the number of crimes recorded by the police in England and Wales rose by 0.4 per cent - the first time this has happened in four years.

The figures were seized upon by opposition parties as evidence that the Government's anti-crime initiatives were failing, although Michael Howard, the Home Secretary, insisted the trends were "encouraging".

News that crime rates are increasing is disastrous for the Government on the eve of the party conference and months away from the general election.

On the positive side, both reports record a 1 per cent drop in the number of burglaries and car thefts, but the big hike in all types of violent crime, including rape, is worrying.

The BCS takes place every two years and questions adults about crimes which have not been reported to the police as well as ones which have. Particularly common offences that go unreported are minor assaults, car vandalism and personal theft, although more serious crimes are also withheld.

In the period 1993 to 1995, for those crimes which can be compared, recorded offences

Michael Howard: New figures on crime are encouraging

fall by 8 per cent, whereas BCS figures rose by 2 per cent.

The most worrying trend is the rise in violent crime. The BCS found that in most acts of violence, the victim knew the attacker - there were 1.7 million in 1995. Cases of domestic violence have also risen, with about one million incidents last year, according to the BCS.

The police records show a smaller 10 per cent increase in violent crime to 331,300 offences - the largest rise for eight years - in 1995/96. Offences of violence against the person, which make up two in three violent crimes, rose by 21,400 or 10 per cent. Rapes increased by 14 per cent. Robberies increased by 15 per cent to 72,300.

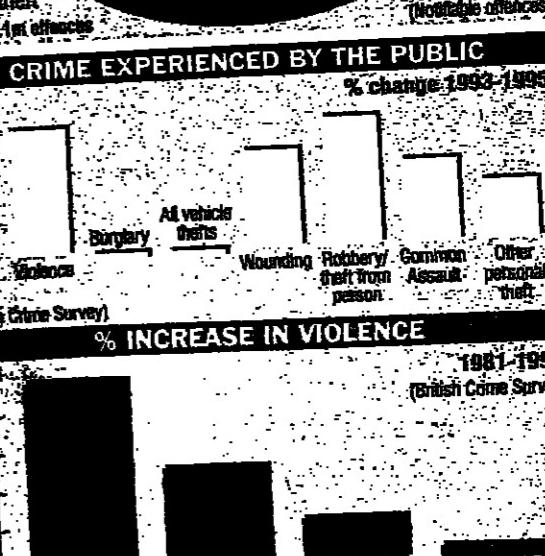
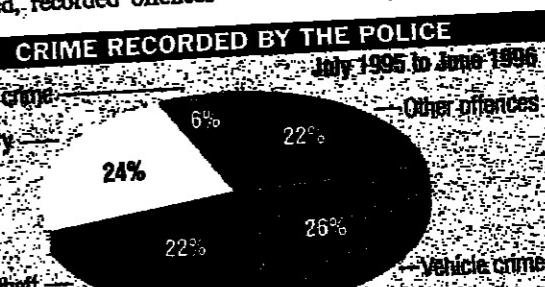
Fear of crime has dropped, with the proportion of women who felt "very unsafe" or "a bit unsafe" out alone at night falling to 47 per cent in 1996 from 54 per cent in 1994. The elderly are also fearful of attack even though only one in 10 victims of violence is aged over 60.

Twenty-four of the 43 police forces in England and Wales recorded fewer crimes in 1995/96. The biggest increases were in Gwent (15 per cent), Cambridgeshire (12 per cent) and West Midlands (8 per cent). Decreases of 13.5 per cent were recorded at Durham, and 5 per cent in Northumbria. The Metropolitan police recorded 11,000 fewer crimes.

Jack Straw, the shadow Home Secretary, yesterday said: "A year ago, Michael Howard was trumpeting that the crime figures showed a real turning point in the fight against crime. I hope he has now discovered that empty words are no substitute for an effective strategy."

Mr Howard said: "My concern is of the long-term picture. Both the bulletins taken separately and together provide encouraging evidence on the trends in crime."

Polly Toynbee, page 15



World Service may cut more languages

MARIANNE MACDONALD
Media Correspondent

The World Service will have to close some of its language services if the Government does not rethink cuts to its budget, it warned yesterday.

Unveiling detailed plans to cut £6.5m from its budget for next year, its managing director, Sam Younger, admitted a further £5m would have to be cut unless the Government increased its proposed funding.

That could mean closing up to six foreign language services. Vulnerable departments are those covering Africa, Brazil and central Europe. The £6.5m savings in the radio and television service announced in March - following a planned cut of £4.1m in grant-in-aid, to £131.5m for 1997 to 1998 - will mean the loss of more than 100 jobs from a staff of about 2,000.

However, the announcement is not connected with the bitter row which blew up over BBC plans to merge the World Service news with other news production, and which were made by the director general John Birt without consultation with Mr Younger.

Such has been the outcry over both the proposed merger and the handling of its announcement that the changeover has been put on hold until a working party set up by the Foreign Office and the BBC reports on the issue next month.

"We have done everything we can to cut costs while protecting services for listeners," Mr Younger said yesterday. "We hope that the Government will recognise what has been achieved and look again at its planning figures for next year. If they are not changed, our only option will be to close the language services."

The £6.5m savings will be achieved by reducing services in some parts of the world. Cuts will also be made in central departments including personnel, finance, publicity and audience research offices.

The BBC World Service is funded by the Foreign Office.

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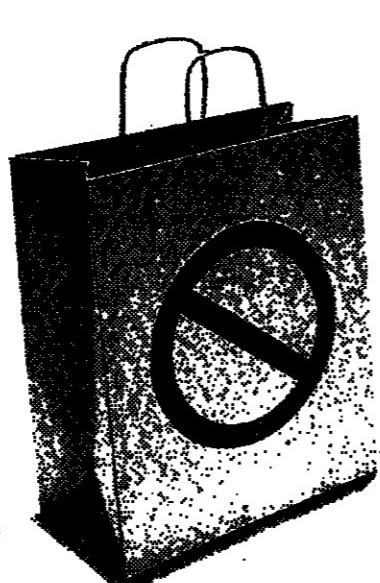
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news

It wasn't the Sun wot won it: official

Newspapers have no measurable effect on the way their readers intend to vote, a study has found.

Casting doubt on the Sun's claim that "It's the Sun wot won it" at the last election, research suggests that the calls last year by normally Conservative papers for John Major to go, and the move by the Sun to a less hostile posture towards Labour had no impact on readers' political views.

John Curtice, of the University of Strathclyde, looked at the newspaper-reading habits and political views of 1,317 voters interviewed every year between 1992 and 1995 for the British Election Panel Survey.

Readers of the Sun certainly noticed that their paper had changed its allegiance, with a

drop from 83 to 51 per cent in the proportion who believed it backed the Tories.

Other pro-Tory papers show smaller falls, with only readers of the Telegraph believing it has remained loyal to the Tories. In 1992, 82 per cent of Telegraph readers thought it backed the Tories, compared to 80 per cent in 1995.

Mirror and Guardian readers, by contrast, showed no change in their conviction that their papers supported Labour.

But the study found that Labour picked up more new supporters from readers of the Mirror than of the Sun.

One of the reasons was that

Mirror readers were more like-



Gotocha: Yesterday the paper revealed its pivotal role in the Tory civil war over Europe

ly to take a pessimistic view of the state of the economy.

But generally newspapers seem to have no discernible impact on readers' images of the parties or their leaders.

The study found no difference in how the Prime Minister was rated by readers of the "rebel Tory press" (the Sun,

Mail, Times, and Star) and the "loyal press" (the Telegraph and the Express), despite the rebels' call for Mr Major to be ousted in last year's Tory leadership battle.

Similarly, there was no evidence of any link between newspaper readership and opinions about the Labour leader, "des-

pite the relatively favourable coverage which Tony Blair has received in the traditionally Tory press", Dr Curtice writes.

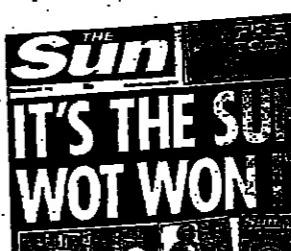
The findings do not necessarily confirm the strategy of Alastair Campbell, the Labour leader's press secretary, of wooing the Tory press.

"It may have stopped the

Tory press playing its usual role of acting as a source of reinforcement for the Conservatives," comments Dr Curtice. Last year Mr Blair travelled to Australia as the guest of Rupert Murdoch to speak to executives of his NewsCorp global media empire.

But Dr Curtice writes:

"There is little evidence to suggest that either politicians or journalists should be as preoccupied with the partisan tone of the press as they often appear to be. The changed tone of the Tory press since 1992 may have been entertaining for journalists to read and a source of some self-satisfaction for Labour's spin doctors. But... Mr Blair's



Wotcha: Flashback to 1992

best friend continues to be the Daily Mirror, not the Sun. Labour has been most likely to

make converts amongst those who read the Daily Mirror and to lose friends amongst those who stop reading that paper."

He concludes that, overall, "the influence of the press is not most only a marginal one".

The effects that there are seem small, and the net effect of the partisan press appears to be zero.

There was no difference between the swing to Labour since 1992 among readers of partisan papers, Labour and Tory, taken as a whole, and the swing among non-readers and readers of the "non-partisan press", including the Independent. Which suggests, taken together, the partisan papers have no impact on their readers, either in a pro-Tory or a pro-Labour direction.

London Fashion Week: Supermodels paid £13,000 for launch of sports-wear collection

Glamorous British steal Paris's clothes

MELANIE RICKET

The American designer Tommy Hilfiger will be launching his women's sports-wear collection on Saturday as part of London Fashion Week, which begins today. It is rumoured that his models will be paid in the region of £13,000 to appear in his show, so the supermodels are in town, and London is managing to generate the kind of buzz usually reserved for the Paris *prêt à porter* shows.

Naomi Campbell is one model who has been lured by the Hilfiger fee, but she will also be supporting young designers who cannot compete in terms of funds. Antonio Berardi, the young designer about to show his third collection, will be paying his models, including Ms Campbell, in clothes.

Yesterday, Marcus Constable and Esley Palmeiro showed their first collections in off-schedule shows. All of them are St Martins' graduates, keeping the tradition of London alive. They cannot give their models anything, not even clothes, but that is part of the fun.

Young British designers have been making waves in the world of fashion for years, but until recently they were lured away to the bright lights of Paris, like our most famous export John Galliano. Now our most talented designers live, work and show on British soil. Alexander McQueen, Hussein Chalayan and also Antonio Berardi are all from the UK, and it is reflected in the creativity and eclecticism of their work. Supermodels will work for them for a small fee or clothes, just for the association. The London fashion scene is currently basking in the glow of praise from American fashion bibles, *W*, and *Harper's Bazaar*.

This month, *W* proclaimed "Forget Paris and New York. Merry old London is the only place to be for the hip and happening". *Harper's Bazaar* has dedicated an eight-page fashion story to London style. Simon Ward from the British Fashion Council however, is keeping his feet on the ground, "I feel that London is getting better all the time. A few years ago we were just showing in one tent, at the Natural History Museum. Now there are two tents and a double-decker exhibition hall, which indicates that the recession in terms of fashion is well and truly over."

The proof of the pudding, however, will only come when the international buyers show their faces at London Fashion Week. "The designers tell me that all the buyers they have spoken to have said 'see you in London'", Ward says. This week there are enough celebrity happenings to encourage fashion press and buyers the world over to London. Thursday night sees Donna Karan holding a star-studded party to celebrate the opening of her new shop in New Bond Street. Also on Thursday Claudia Schiffer, Christy Turlington and Naomi Campbell are hosting the grand opening of their Fashion Cafes in London's Leicester Square. Guests for that evening are expected to be Liam and Noel Gallagher from Oasis, Kate Moss and a host of rock stars from Mick Hucknall to Nico Torres from Bon Jovi.

The fashion industry in this country is worth £7.6bn a year, of which £2.9bn is exported. Designer fashion represents £250m of that, a small percentage, but the volume and quality of those clothes speak for themselves in terms of the world market.



Mirror image: Identical twins Nira and Nishan Hindess model for British designer Marcus Constable, presenting his first solo cat-walk show as part of London Fashion Week. Photograph: Tony Buckingham

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Architects bridge the centuries for Thames prize

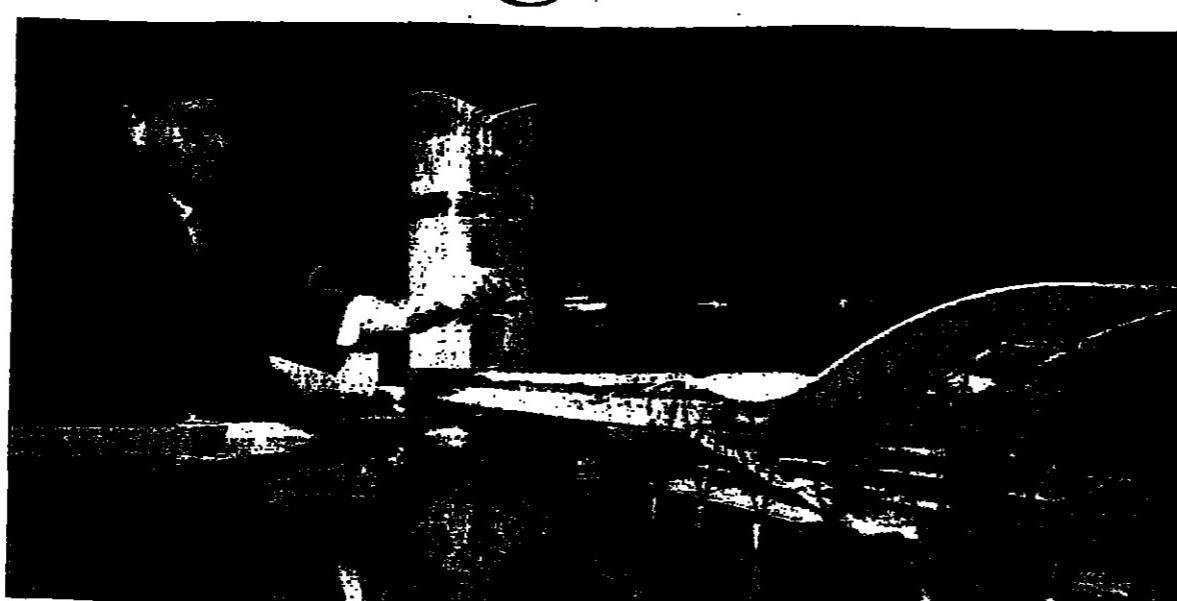
MARIANNE MACDONALD
Arts Correspondent

Zaha Hadid was yesterday named joint winner of a government-backed competition to build a new, inhabited bridge for London. The move will help redeem the Iraqi-born architect's faith in the British establishment after her controversial "glass-necklace" design for the Cardiff Bay Opera House failed to win funding from the Millennium Commission. To her fury, it emerged this month that a member of her opera-house design team, Percy Thomas Partnership, had been asked to design the Wales Millennium Centre for the same site.

Ms Hadid, who won an international competition with her design, was quoted as saying the move was "a total farce".

But she was delighted to have won yesterday's competition jointly with Antoine Grumbach & Associates of France.

Seven international architects were invited by the Royal Academy to enter designs for the competition to build a new inhabited bridge over the



Bridgework: The two winning architects, Antoine Grumbach (left) with a model of his proposed garden bridge, and Zaha Hadid with her 'transparent' design

Thames, from Temple Gardens on the north bank to the London Weekend Television building on the south bank. The brief was to design a structure which would incorporate sufficient buildings - hotels, cafés, restaura-

rants, offices - to make it commercially viable and to interest a developer in the project.

Ms Hadid's £70m design incor-

porated commercial space at

either end, but left the middle

of the bridge empty to maintain

river views. "It had to occupy the river as a public space but at the same time ... remain transparent," she said.

In contrast, Mr Grumbach's £60m design centred on the no-

tion of expanding the Jubilee

Gardens over the river. A huge tower at one end would provide commercial space. "I wanted to make a promenade over the water," Mr Grumbach said.

Although the two architects

share the honours, any of the

seven designs submitted - or more than one - could be chosen by a developer.

John Gummer, the Secretary

of State for the Environment,

has thrown his weight behind

the project. "London's river is

our most under-valued asset and the time has come to value it properly," he said yesterday.

The last inhabited bridge

over the Thames was destroyed

in the mid-18th century. Orig-

inally a Roman pontoon bridge,

it joined Southwark with the City and was known for displaying traitors' heads on poles.

All seven designs go on display from tomorrow until 18 December in the Royal Acad-

emy's Living Bridges exhibition.



Photographs: Peter Macdiarmid

Finn wins race for Rattle's baton

JOO MOYES

A Finnish conductor will succeed Sir Simon Rattle, who quits in two years time, as leader of the City of Birmingham Symphony Orchestra.

The choice of the relatively low-profile Sakari Oramo comes as a surprise, as Mr Rattle's 21-year-old protégé, Daniel Harding, was widely touted to succeed him. Sir Simon was an unknown 25-year-old when he was appointed in 1980.

Mr Oramo, 31, a professional conductor for three years, is co-principal conductor of the Finnish Radio Symphony Orchestra and his initial contract as principal conductor and artistic adviser will be for three years.

"It was an unexpected surprise and an honour to be invited to become principal conductor of the CBSO after only my second visit to them in July this year," Mr Oramo said yesterday. "I am looking forward to the challenge of shaping the future of this marvellous orchestra in my own way while maintaining the legendary good work of my predecessor."

Mr Oramo, who has conducted the City of Birmingham Symphony Orchestra twice before, will conduct at least 30 concerts a year.

His rivals at the top of a "very long list" were either unavailable or unsuitable, said Edward Smith, the orchestra's chief executive. "Sakari was on the list and when he came in July it was quite clear that everyone on the committee that this was the ideal man to take over."

One factor that apparently gave Mr Oramo an edge was the commitment of the players after his two concerts with them, the first in May last year. "By the time he had conducted



Sakari: Popular choice of orchestra members

the orchestra on his second visit there was an extraordinary fusion of opinion that he was just the right person to succeed Simon," said Peter Thomas, the orchestra leader. "Everyone in the orchestra is very motivated to make a success of this splendid new relationship."

Mr Oramo lives in Germany, where his wife, the soprano Anu Komsi, is contracted to the Bremen Opera until 1998. The couple have a five-year-old son.

He made his professional conducting debut with the Finnish Radio Symphony Orchestra at a few hours' notice in January 1993, when the scheduled conductor was taken ill. Since then he has conducted all the major Scandinavian orchestras and has forthcoming concerts in Germany, Switzerland and Britain.

The charismatic Sir Simon has built a reputation at the CBSO by mixing "difficult" contemporary music with favourites such as Elgar. He announced in February that he would quit the role of music director when his contract expired in 1998.

DAILY POEM

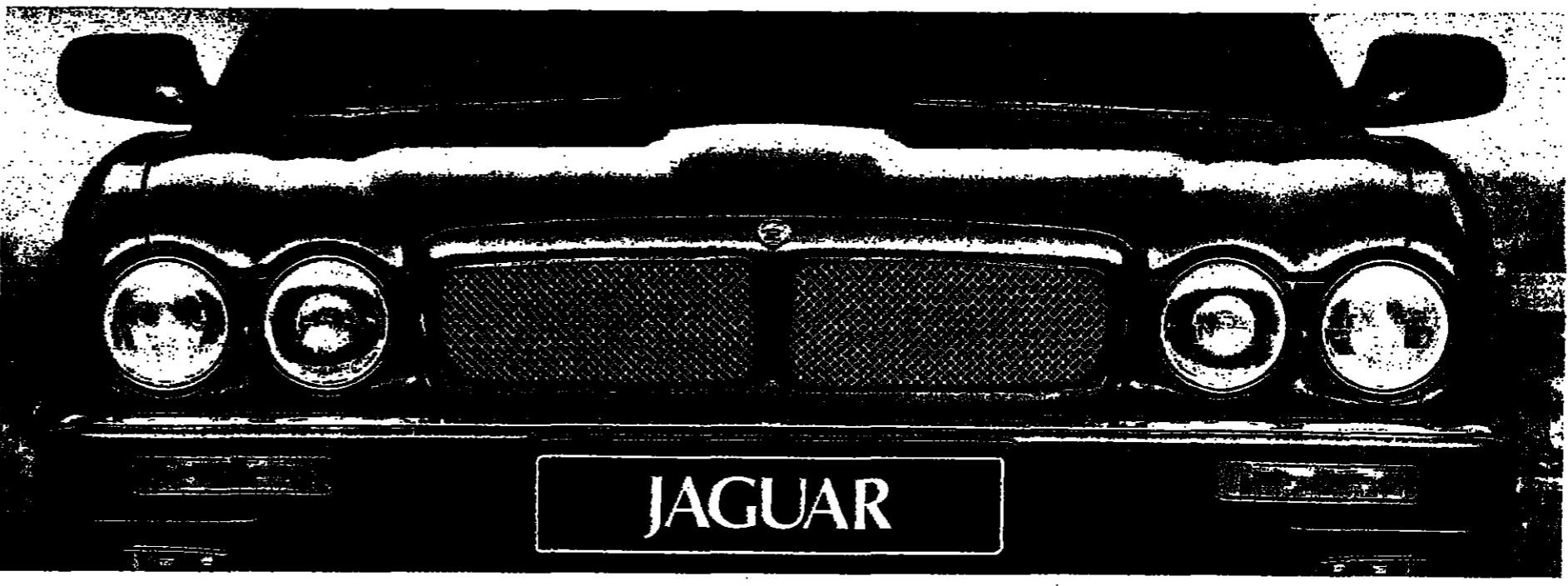
Trying Hard To Be Normal (for Spike Milligan)

By Adrian Mitchell

I bought myself a hairbrush
A Military Hairbrush it turned out
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I opened the box
And took out the Military Hairbrush
But there was still something left in the box
I shook the box and brought out a brochure
It was printed in every colour that exists
The brochure showed me with diagrams
And a text in seven languages
How to brush my hair with the Military Hairbrush
I was about to throw the box away
When I realised there was something else left in the box
I shook the box and out dropped
A smaller brush
A wooden brush a humble brush
Certainly not a military brush
Just a brush
I looked for an explanation in the brochure
And found that this was the brush
With which to brush
The Military Hairbrush

Adrian Mitchell, like Roger McGough, Brian Patten and Adrián Henri, is essentially a performance poet, but with a technique and delivery that transfers well into the published medium. Bloodaxe published *Blue Coffee: Poems 1985-1996* earlier this year. Mitchell is a maverick: anarchic, free-wheeling, furious and funny, and his collection is a treat.

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Rivals set to call for resignation if doctors rule out heart bypass for Russian President

Kremlin fights for Yeltsin's survival

PHIL REEVES
Moscow

The Kremlin yesterday began preparing the ground for a battle to keep Boris Yeltsin in office even if his surgeons decide today that it is too dangerous to go ahead with a heart bypass – a decision that would turn him into a lame duck president.

As concern over the President's health reached a crescendo, Russia's Prime Minister, Viktor Chernomyrdin, sought to dampen speculation that the President may soon quit, saying such suggestions were "out of the question now".

The Prime Minister – who would stand in as president until another election, if Mr Yeltsin leaves – was speaking after his weekly meeting with the President, who spent an eleventh day in Moscow's Central Clinical Hospital awaiting news of his fate.

Today Mr Yeltsin's team of top surgeons will decide whether he is fit enough to have a bypass operation, and if so, when. Should they conclude that it is too risky, Mr Yeltsin's future will be thrown into doubt, as he concedes he cannot run the country properly without having the operation.

There have only been half-hearted calls for Mr Yeltsin's resignation, mostly from the Communist camp, since his top surgeon, Renat Atchurin, revealed the operation may have to be postponed or cancelled, and that the President had another heart attack shortly before July's elections.

Yesterday Mr Atchurin said the operation would not be put off, but could be postponed for weeks. But his back-track looks suspiciously as if he was pressured by the Kremlin, which is eager to demonstrate

that Mr Yeltsin, who was shown briefly on Russian TV, looking unwell, is still in charge.

Demands for his resignation would multiply if the operation is called off. Though vague, article 92 of the constitution says he must leave office if he is "persistently unable" to perform his duties because of ill health.

Mr Chernomyrdin's remarks coincided with a publicity offensive by the Kremlin, which said Mr Yeltsin was working up to 70 documents a day, and was abreast with key international developments.

The President's press secretary, Sergei Yastrzhembsky, denied a *Financial Times* report saying Mr Yeltsin has had a stroke and can only work for 15 minutes a day. However, he conceded sometimes Mr Yeltsin completes his paperwork in half an hour.

Mr Yeltsin's bleak outlook worsened yesterday when General Alexander Korzhakov, the former chief of the presidential guard and Mr Yeltsin's close confidant, made clear he was now backing his fellow general, Alexander Lebed, Russia's security tsar, as the next president.

"I don't miss Yeltsin," said the headline general who was fired in June. In an interview with *Komsomolskaya Pravda* newspaper, he claimed to have evidence that top government officials salted away millions of dollars in secret bank accounts. Mr Lebed has appeared happy to be courted by the general.

The Yeltsin administration's efforts to forestall calls for another election are scarcely surprising. The latest poll placed Mr Lebed ahead by 19 points, with 34 per cent. Behind him came Gennady Zyuganov, the Communist leader on 15 per cent, while Mr Chernomyrdin had 9 per cent.

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fellow general,

Alexander Lebed, Russia's

security tsar, as the next

president.

"I don't miss Yeltsin," said

the headline gen-

eral who was fired

in June. In an inter-

view with *Komsomolskaya*

Pravda newspaper,

he claimed to have

evidence that top

government

officials salted

away millions

of dollars in secret

bank accounts.

Mr Lebed has ap-

peared happy to be

courted by the gen-

eral.

The Yeltsin administra-

tion's efforts to forestall

calls for another

election are scarcely

surprising. The latest

poll placed Mr Lebed

ahead by 19

points, with 34

per cent.

Behind him came

Gennady Zyuganov,

the Communist

leader on 15 per

cent, while Mr Chernomyrdin

had 9 per cent.

Demands for his resigna-

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Though vague, arti-

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THE INDEPENDENT • WEDNESDAY 25 SEPTEMBER 1996

international 11

Bosnia election fraud hidden by OSCE figures

TONY BARBER

Europe Editor

The Balkan tradition of rigging elections has received a new lease of life from a most unexpected source - the Organisation of Security and Co-operation in Europe (OSCE). Apparently, in a belated and unconvincing effort to demonstrate that Bosnia's elections on 14 September were not riddled with fraud, the OSCE has changed its estimate of the size of the Bosnian electorate. The effect has been to conceal evidence that hundreds of thousands of ballots were illegally cast.

Before the elections, the OSCE put the total electorate at 2.92 million. But according to calculations supplied by a respected monitoring organisation, the International Crisis Group (ICG), about 259,000 Bosnian war refugees did not register to vote.

Another 381,000 who registered did not cast ballots. The maximum number of people who voted should, therefore, have been about 2.3 million.

However, according to preliminary final results issued last Monday, almost 2.62 million people cast ballots for Bosnia's three-man collective presidency. The OSCE abruptly announced that it was changing its estimate of the total Bosnian electorate to 3.2 million.

Even this would imply a

turnout of 81.8 per cent in the presidential vote, well above the 74 per cent who voted in Bosnia's last pre-war election in 1990.

A comparison of figures suggests the turnout on 14 September was a mathematical impossibility, the ICG said in a report. "We have no evidence to suggest [major] fraud, but the discrepancies cast serious doubt on the validity of the elections."

Western officials who closely followed the election said they estimated that at least 200,000 votes had been fraudulently cast. They said the perpetrators were officials and supporters of the ruling Muslim, Serb and Croat parties, who either stuffed ballot boxes or falsified counts in order to secure victory for their parties.

The Muslim Party of Democratic Action (SDA), Serbian Democratic Party (SDS) and Croatian Democratic Union (HDZ) each scored thumping victories in the respective areas of Bosnia under their control.

In the Muslim case, the fraud was sufficient to ensure that Alija Izetbegovic squeaked through to win the chairmanship of the three-man presidency. Without the fraud, this important post would have gone to Momico Krajisnik, the Bosnian Serb nationalist who campaigned on a platform of rejecting the Dayton peace settlement and uniting his re-

gion with Serbia.

Friendly gathering: Bill Clinton (left) with Boutros Boutros-Ghali at the UN yesterday

DAVID USBORNE
New York

Wielding a pen that was used by John F Kennedy 33 years ago to sign a first treaty to curb the testing of nuclear bombs, President Bill Clinton yesterday became the first world leader to commit ink to the newly negotiated Comprehensive Test Ban Treaty that aims to outlaw testing altogether and for ever.

Mr Clinton, who was in New York to address the General Assembly of the United Nations, was followed at the CTBT signing ceremony by ministers from around the world, including the Foreign Secretary, Malcolm Rifkind, and ministers from France, Russia and China. As many as 65 nations were expected to sign the document at the UN.

Mr Clinton used his speech to the General Assembly to herald the new treaty as the "longest-sought, hardest-fought prize in nuclear disarmament history". But he also urged common action to practise "zero-tolerance" in combating the new dangers facing the world, including international terrorism and the trafficking of drugs, and to pursue reform at the UN.

Even until recently there had been fears that the test ban treaty was in danger of unravelling because of opposition from India, which complains that the treaty fails to set a date for total nuclear disarmament. The treaty was finally opened for signature by a majority vote in the General Assembly on 10 September. Technically, it cannot become international law until all 44 nations known to have some nuclear capability, including India, give the document their signatures.

While suggesting that the signatures delivered yesterday represented a "giant step forward" that will automatically create an "international norm" against further tests, Mr Clinton appealed to India, which has not conducted a test since 1974, to sign the treaty.

Of the treaty, Mr Clinton said: "Some have complained that it does not deliver a mandate for total nuclear disarmament by a date certain. I would say to them, do not forsake the benefits of this achievement by ignoring the tremendous progress that we have made towards that day."

Mr Rifkind echoed Mr Clinton, appealing for everyone to sign the document. "It is the sovereign right of every state to decide whether or not to be bound by international agreements. But it is our firm conviction that this treaty is in the interests of all, and I urge all states to give it their full support."

Gro Harlem Brundtland, the Prime Minister of Norway, told the assembly: "In the annals of history, it will be told that nuclear testing happened over a period of 40 years in the twentieth century and then never again."

The fruit of years of often tortuous negotiation, the CTBT should be the definitive offspring of two previous attempts to curb the practice of testing. President Kennedy in 1963 signed the Limited Test Ban Treaty, which outlawed all tests in the atmosphere, in space or underwater. It was followed by the Threshold Test Ban Treaty, which limited the size of explosions that were permitted even underground.

Mr Clinton's speech was delivered against a background of America's continuing failure to pay \$1.9bn in unpaid dues to the UN and of Washington's avowed intent to block the re-election of Boutros Boutros-Ghali (to a second term as Secretary-General).

Mr Clinton insisted the "majority of Americans support the UN". But in a reference to the hostile ranks of Republicans on Capitol Hill, he went on: "Unfortunately some Americans ... ignore what the UN has done, ignore the benefits of co-operation, ignore our inter-dependence with all of you in charting a better future." He avoided all mention of Mr Boutros-Ghali.

Balkan peace force tops Nato agenda

CHRISTOPHER BELLAMY
Defence Correspondent

The future of the Bosnian peace-keeping force after the Nato mandate expires on 20 December will be top of the agenda at today's Nato meeting in Bergen, Norway.

The 16 Nato defence ministers are joined by their Russian counterpart, General Igor Rodionov, as they also discuss which East European countries will be the first to join Nato in 1999 and plans to restructure the Alliance.

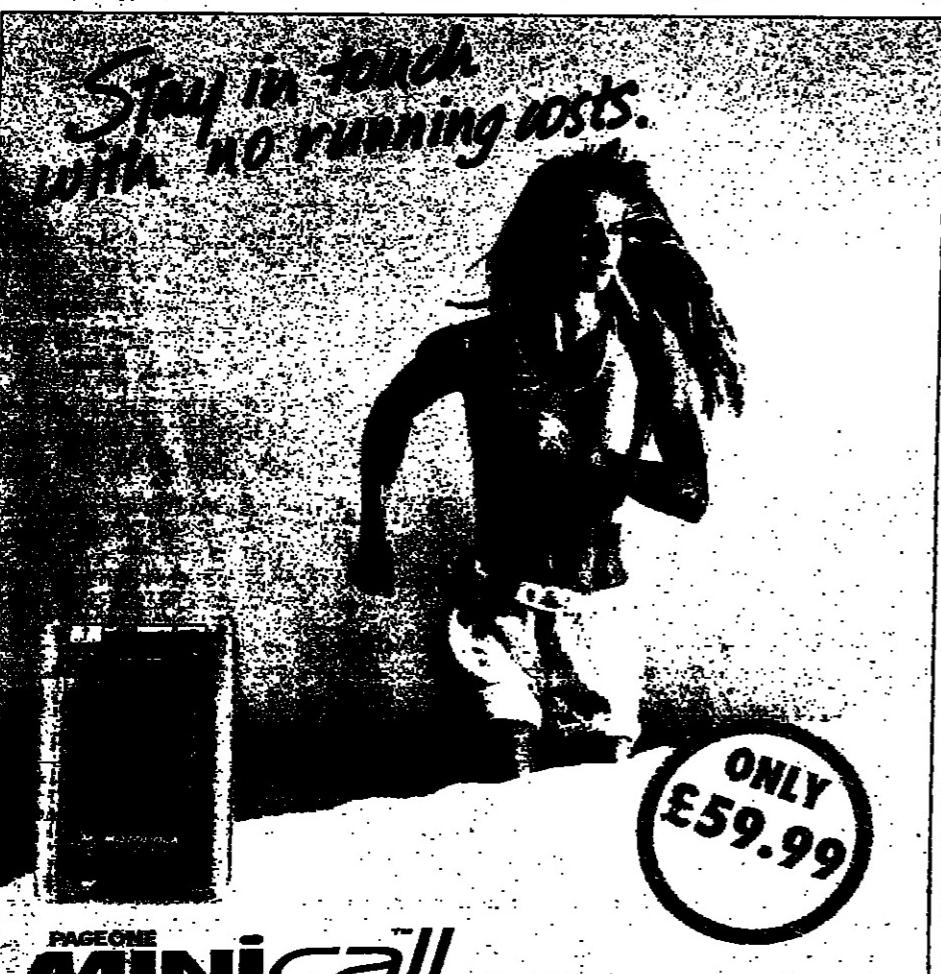
Ministers will try to reassure Russia about Nato's expansion, although Russia's security chief, Alexander Lebed, remains resolutely opposed to expansion and is threatening economic retaliation if it takes place.

The Bergen meeting will shape proposals for a new "charter" governing relations between Russia and the Alliance, for Nato restructuring

- which must take place in parallel with enlargement - and for the future of international involvement in Bosnia. Final arrangements for a follow-on force in Bosnia (Fo-For) will be confirmed at a conference in London in December. But the most crucial issue - what it is supposed to do - will be discussed in Bergen.

Nato and Russia will begin this morning with the international peace force in Bosnia, I-For. Plans to replace it with a smaller 20,000-strong force are well advanced, and on Monday the MoD announced that a British lieutenant-general, Roddy Cordy Simpson, would be deputy commander of Operation Joint Endeavour, as the follow-on force will be called. It is likely that the international community will "certify" the validity of the Bosnian elections on Sunday. Once Bosnia has a "certified" government - however dubious the elections were

This afternoon, ministers will discuss Nato's "adaptation" to the new world order, which involves a dramatic reduction in the number of Nato command headquarters, from 67 to nearer 30. Tomorrow, ministers are likely to decide which East European countries will receive invitations in the spring to join Nato by April 1999. Poland, the Czech Republic and Hungary are the favourites.



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12 international

Jerusalem tunnel sparks Arab fury

ERIC SILVER

Jerusalem

Palestinian shop-keepers in the old walled city of Jerusalem rolled down their shutters yesterday in protest at Israel's completion of a 400-yard archaeological tunnel which passes from the Jewish Wailing Wall under the Muslim quarter and comes out in the Christian Via Dolorosa. Arab youths clashed with police and threw stones at Jews praying at the Wall.

Yasser Arafat summoned his Palestinian cabinet into emergency session last night amid demands to boycott the next round of peace negotiations, due to begin tomorrow. The Palestinians' chief negotiator, Saeb Erakat, warned the Prime Minister, Benjamin Netanyahu, that he was pushing Israelis and Palestinians towards confrontation and disaster. "Such

actions," Dr Erakat told *The Independent*, "don't leave a peace process to speak about. The policy of this Israeli government is the *fait accompli*. Mr Netanyahu thinks the peace process is peace for the Israelis, but not for the Palestinians and the other Arabs. He is not treating us as partners. He is telling us we can go to hell."

Israel's Religious Affairs Ministry began excavating the controversial tunnel in 1988, a year after Israeli troops conquered the Old City, and finished digging in 1985. A door was cut at the Via Dolorosa end three years ago, but the then Labour government kept it sealed for fear of provoking the Palestinians.

Mr Netanyahu's coalition of right-wing and religious parties authorised it to be opened after the Yom Kippur fast on Monday night. The door will serve as the exit to a tourist and

pilgrim route, displaying Jewish, Muslim and early-Christian masonry along a buried extension of the retaining wall Herod built for his Jewish Temple.

The oldest structure dates back to the Hasmonean kings in the second century BC.

The Palestinians have consistently opposed the excavations. Muslim authorities feared the Jews were trying to take over the Temple Mount from underneath. The victorious Israeli defence minister, Moshe Dayan, deliberately left the Mount in Muslim hands after the 1967 war. In fact, as Dan Bar-Han, a former Jerusalem district supervisor of archaeology, said recently: "There are not, and never have been, any excavations on or under the Temple Mount." Palestinians were also worried about damage to medieval Muslim buildings still standing above the tunnel.

None has been destroyed, but some have suffered cracks. Unesco has endorsed the Palestinian view.

The Israeli timing looks like another example of Mr Netanyahu's left hand not knowing, or perhaps not caring, what the right hand is doing. On the eve of his maiden visit to Britain, France and Germany, the tunnel-opening threatens to deepen European doubts about the new regime's commitment to the peace process.

It will also encourage Egypt and Jordan, the two Arab signatories to the treaties, to keep their distance. Cairo's criticism sharpened on Monday, when the Egyptian Deputy Foreign Minister, Fathi Shazli, said Mr Netanyahu needed a psychiatrist to treat his "sick fears on security". In Jordan, Crown Prince Hassan postponed a visit to Israel, planned for next month. Amman did not want to be seen as Mr Netanyahu's only Arab friend.

Digging in: An Orthodox Jew stands at the Wailing Wall by Palestinians protesting at the completion of the pilgrim tunnel



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Call for castration of sex offenders

Senior German politicians called for the compulsory castration of sex offenders yesterday, after the abduction and brutal murder of a seven-year-old girl at the weekend. Natalie Astner was kidnapped on her way to school last Friday in the Bavarian village of Epfach. The chief suspect, a 27-year-old electrician, confessed to kidnap and murder and led police to her naked body in a nearby river. The accused is known child molester, and the public were horrified to discover he had been released last year from prison nearly two years before his rape sentence was due to expire. Police confirmed the girl had been abused before being strangled. "We must make use of all legal

possibilities to protect our children," said Bavaria's Prime Minister, Edmund Stoiber, who announced that Bavaria would back Draconian punishments for sexual offenders. In Bonn, the federal youth minister, Claudia Noelle, urged "chemical castration" for rapists.

Inre Karacs - Bonn

Peter Graf to stay in jail during trial

Peter Graf, the father of the world No 1 woman tennis player, Steffi Graf, was ordered to stay in jail for the duration of his trial. Mr Graf, accused of concealing Steffi's earnings from the German tax authorities, has already been in prison for a year. "To lift the detention order would seriously endanger the trial," the judge ruled, alluding to the possibility that Mr Graf would skip bail. The Graf's financial adviser, Joachim Eckardt, must also stay in jail for the duration of the trial, expected to last until early January. Mr Graf and Mr Eckardt are accused of evading nearly 20 million marks of taxes on Steffi's earnings between 1989 and 1993.

Inre Karacs - Bonn

Simitis sticks by his team

The Greek Prime Minister Costas Simitis kept the backbone of his economic team when he named his new socialist cabinet but chose a different defence minister to oversee plans to

US astronaut says goodbye to Mir

The space shuttle *Atlantis* left Russia's orbiting *Mir* station on Monday night carrying the astronaut Shannon Lucid. *Atlantis* and *Mir* formed the shape of a crucifix as they passed over Australia (above), before the shuttle undocked and slowly backed away. The 240-mile-high parting over the Ural Mountains brought Lucid one step closer to home. *Atlantis* is due to return to Earth tomorrow concluding her record-breaking stay of 188 days in space.

AP - Houston

befriended the military. Yannos Papandouli retained his post as national economy minister as well as being given the finance ministry. Simitis' boldest move was to remove Gerasimos Arsenis, an old-guard socialist from the defence ministry and replace him with Akis Tsohatzopoulos. He challenged Simitis for the party leadership in June, and lost, but has since strongly supported the new premier. Reuter - Athens

Belgian mayor on fraud charge

The mayor of the Belgian city of Sint Niklaas, a leading official of the Benelux economic union, was arrested on charges of defrauding the EU. Mayor Lieven Lenaerts was accused of using false accounting to secure up to 15 million francs (£300,000) in EU funding for an organization called the Union of European Middle Classes. Belgian anti-fraud investigators suspect Mr Lenaerts, president of the organization, used the money for himself. AP - Brussels

Kurds kidnap tourists

Kurdish rebels kidnapped an Iranian and two German tourists in southeastern Turkey, a Turkish newspaper reported. The rebels stopped a passenger bus near Bingol province and took away the foreigners after conducting an identity check early on Monday.

AP - Ankara

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Paddy must be honest about the voters, too

Leaders' speeches at party conferences are usually testimony to the craftsmanship of aides rather than revivals of the lost art of political rhetoric. A brief Cicero impression is bound together with a few lines fit for an excerpt on the evening news bulletins; a few jokes (Paddy Ashdown made a good one yesterday about dentists and the Labour Party) and a theme. Ostensibly the Liberal Democrat leader's theme was patriotism. All the nice voters love a soldier-in-a-boat, and he is surely right in calculating that the Liberal Democrats' brand of inclusive, international-minded patriotism is made a lot easier to swallow when audiences are gently reminded of his military record.

Mr Ashdown does a masterly job, moreover, of stripping the Tories of their pretensions to be the patriotic party. He did not even have to invoke Dr Johnson: all you need do nowadays is refer to one of those nefarious anti-European speeches by the Secretary of State for Defence. Let the Tories in their xenophobic, Poujadist stripes be the (English) nationalist party. "A true patriot would not pander to the Tory press by pretending that love of country depends on hating others."

Good anti-Government knockabout of which, doubtless, a lot more is to be heard next week from Labour in Blackpool. Ashdown patriotism consists, by contrast, in faith in a set of national

virtues ranging from fairness and concern for underdogs to bloody-minded resolution to see hard tasks through. There were indeed times yesterday when Paddy Ashdown, when he wasn't Harold Wilson invoking the Dunkirk spirit, sounded suspiciously like a refined version of Morris Cerullo, able to see the good things "hidden away in the hearts of a million individuals".

The "moral majority" means, for Tories and American right-wingers, a glowering invisible nation, resenting policies foisted on them by liberals. For Mr Ashdown the moral majority is something very different: it is the good, liberal-minded (though not often Liberal-voting) people whose progressive instincts are crushed because of lack of leadership from Westminster. They wish for more and better education; they want their politicians to speak truth even about marginal rates of income tax; and so on. It is a beguiling picture of a middle England which recycles its waste before cycling to work. Perhaps things are so in Yeovil. But for the country at large it is a wishful picture. From it springs a dubious conception of the kind of representative politics that is available in turn-of-the-century Britain.

None of this should detract from Mr Ashdown's substantive points, especially his appeal for constitutional reform and his plea for greater fiscal honesty. The public finances are in a

mess. Decisions about government revenues (taxes) need to be taken now if the balance between likely spending and income is not to move even further out of kilter as the century ends.

The Liberal Democrats are right, too, that no amount of fiddling with income support and family credit can substantially increase the work incentive for those facing a choice between a half life on benefit and low-paid jobs that can leave them worse off. A dramatic financial gesture is needed, such as lifting the amount that can be earned free of tax. That, of course, benefits all taxpayers, and social justice

demands that it be compensated by increased taxes on higher earners. The Liberal Democrats say that a rate of 50 per cent on those earning more than £100,000 a year would be enough to pay for their fiscal reforms. The numbers are arguable, but they deserve credit for being up-front about the necessity. But it is at that point that Mr Ashdown's central argument about the bulk of British people comes unstuck. If they were the paragons he implies, why have so many voted Tory for so long? The response, that political outcomes are untrustworthy because non-

proportional voting prevents the popular will getting translated into Westminster representation, is not entirely convincing. The fact is, as Tony Blair recognises, the political culture has shifted in recent years. Up to a strictly limited point, we have all accepted a large part of the Thatcherite agenda. It is going to take a lot more persuasion than Mr Ashdown offered yesterday to convince the comfortable majority that they should pay more tax.

Mr Ashdown toys with a possibly dangerous Manichean notion of political life. Westminster, he infers, is a sink, a den of dishonesty and fudge. The people, by contrast, see things clearly. They have no truck with compromise and dissembling. Yet the very basis of the Liberal Democrats' current political identity is that they are the party of coalition and consequent compromise.

Mr Ashdown was careful yesterday to couch his claims in terms of what the Liberal Democrats would do to temper the other parties, to keep them on the straight and narrow. That is indeed potentially their most valuable role. But what it requires is political gamesmanship, deal making, dalliance with the arts of the possible. Here is the Liberal Democrat paradox. The party helps make itself distinct by claiming to be holier than the others. But to translate any or all of its policies into reality means engaging with those other tainted parties. The Liberal Democrats

have a lot to offer, but their honesty must include a recognition that The Voters are not quite as wonderfully liberal-spirited and reform-minded as Mr Ashdown would have us believe: they are good and decent, in large measure, but they are also wary and inconsistent, and sometimes reactionary and mean. That is part of the reason why the two established parties make such good Aunt Sallies for Liberal Democrat leaders enjoying all the fun of the seaside fair.

I'd rather have the weekend off

Fed up with your boss? Gaze at goldfish. Overworked and underpaid? Prostrate yourself. Japanese-style, on a mattress on the floor. According to one large telephone sales company, futons, fountains and fish tanks can help prevent stress at work.

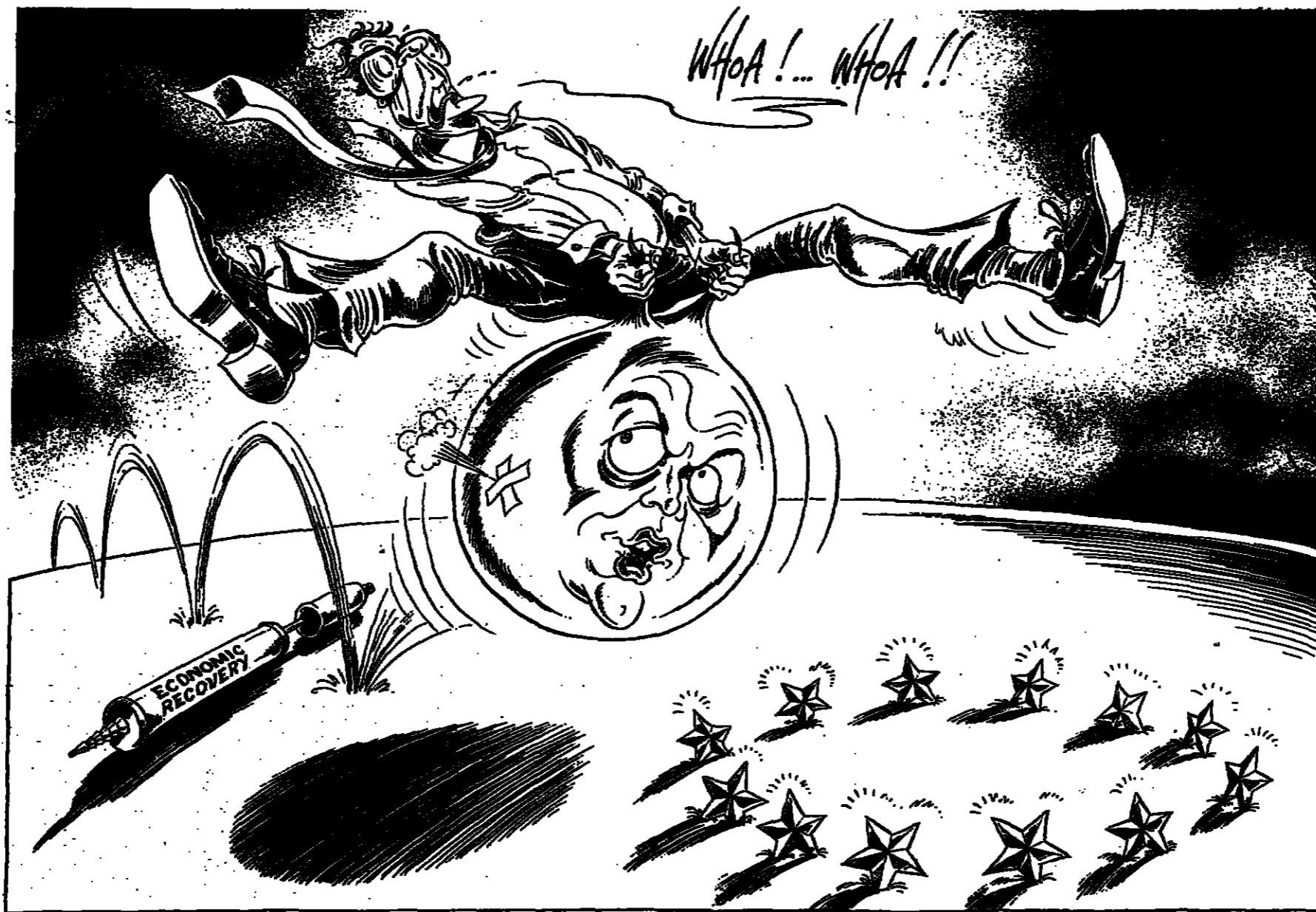
Ergonomic restructuring of the office is, doubtless, a good idea. But let's be honest. British employees have the lowest morale in Europe not because they lack fish and flowing water, but because they work longer hours.

Better that the rail signaller who worked 43 days of the trot should take a weekend off than have a waterfall installed in his signal box.



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LETTERS TO THE EDITOR



Ground these absurd rules on borrowing

Sir: Your report on the possible privatisation of air traffic control (23 September) highlights the absurdity of the public sector borrowing requirement (PSBR) rules.

Here we have a profitable industry which needs to invest to increase its profitability. There is an overwhelming case on safety grounds to keep it in the public sector. Yet PSBR rules dictate that public borrowing is bad for whatever purpose. The only route to raising the required cash is therefore privatisation.

Such a situation would not occur in any other European country, because none of them follow the ridiculous strictures of the PSBR. After all, the economic impact of borrowing to build air traffic control centres is the same whether National Air Traffic Services is a public or private body.

The same problems bedevil other parts of the public sector—the Post Office, municipal airports and council housing—which get most of their revenue from charges for services. Only those hell-bent on justifying privatisation can reject the case for joining our neighbours in adopting more sensible borrowing rules.

JOHN PERRY
Director of Policy
Chartered Institute of Housing
Coventry

Celibacy does not denote holiness

Sir: Paul Valley ("A scandal but not a crisis for the Church", 21 September) is right to aver that Bishop Wright's misbehaviour does not rock the edifice of Catholicism. More's the tragedy!

This most recent scandal ought to rock Catholicism, in that Bishop "Rodd" has been exposed as an archetypal hypocrite within a system that for centuries has colluded in the rampant deceit that celibacy denotes holiness. In Bishop Wright's case this has been to claim the fatherhood of a diocese at the expense of a 15-year-old son.

The Rev ANDREW P de BERRY
Thurgarton, Nottinghamshire

Sir: Celibacy—why all the fuss? Have not popes in the past fathered children to whom they presented good positions with "lame" revenues? And I remember when I was in Malta during the war the late Dr Boffa showed me an orphanage which he assured me was reserved solely for the children of priests.

In Italy some years ago I was having Sunday lunch at the Fior di Mare restaurant, in Numana (the Marches), when a furious altercation broke out at two neighbouring tables. A lady from Ancona accused another lady at the next table of having stolen her ring. The lady from Ancona was about to go to confession up at Massignano, a village where there was a young, good-looking priest. There was also a large life-sized statue of Christ inside the portico, with fingers outstretched. The lady from Ancona had given one of her family rings to the priest for the statue. And this was the ring she had spotted on the finger of the young lady from Massignano.

The celibate had to be called and was eventually restored. The bishop in Ancona transferred

the handsome young priest from Massignano, where the red wine is particularly good, to a poor hamlet where, alas, the local wine is harsh.

No hepatitis C risk from us

Sir: The article "Haemophiliacs denied clotting agent" (17 September) referred to "3,000 out of a total of 5,000 UK haemophiliacs" in the UK—infected with hepatitis C to date". That could be taken to imply that hepatitis C infection is still being transmitted by plasma-derived factor VIII. Over the past 10 years, since we have introduced inactivation procedures into the production of plasma-derived products, there have been no transmissions of hepatitis C (or HIV) reported.

Although hepatitis A is more difficult than hepatitis C or HIV to inactivate, the facts speak for themselves: our products are the UK market leader in plasma-derived high-purity factor VIII and has had no record of virus transmission of hepatitis A.

It is worth remembering that recombinant factor VIII is not an "artificial form of the clotting agent factor VIII", as it is produced from living cells. Moreover, in the vial which the patient uses, a human plasma-derived product (albumin) is included as a stabiliser. Thus the product is not "artificial" and may not necessarily be "virus-free".

CLIVE DASH
Medical Director
Bio Products Laboratory,
Elmee, Herefordshire

Fight fairly on Internet porn

Sir: It is axiomatic that those who publish material on the World Wide Web or in Usenet newsgroups should not be treated more or less harshly by the law than those who use more traditional media.

Much of the SafetyNet proposal ("Industry moves to limit porn on the Internet", 23 September) is obviously intended in this vein. An essential part of the proposal (which is also referred to as R3, for "Rating, Reporting and Responsibility"), is that Internet service providers should require their users to rate their web pages so that those who use the PICS scheme can avoid the most offensive material.

PICS is a self-rating scheme, but in most implementations of it a failure to rate a page causes that page to be treated as most offensive—making it invisible even to those who have set their tolerance threshold at a fairly high level. This is the way it should work, otherwise the innocent might be exposed inadvertently to unrated and unlawful material.

The reliance on PICS, rather than a more centralised scheme with clearly announced standards, will inevitably impose huge costs globally on those who are innocent of publishing illegal material, especially when each separate web page must be rated in order to surmount the PICS hurdle. Those who are publishing illegal material

and who do not rate their pages will not be inconvenienced, since their pages will be concealed from those who would not wish to see them, whether rated or not.

Unlike traditional forms of publication, then, the burden of responsibility is placed on those who abide by the law rather than those who flout it.

MARK GOULD,
Department of Law,
University of Bristol

Hungarian hero too outspoken

Sir: Adrian Bridge ("Bishop carries torch for Romanian minority", 23 September) is right to hail the Hungarian Calvinist Bishop László Tókés as one of the heroes of the 1989 revolutions in Eastern Europe because of his courage in defying the Romanian dictator, Nicolae Ceausescu.

But his influence over Romania's large Hungarian minority is exaggerated. On regular visits to Romania since 1990, it has been made clear to me by Hungarians dissatisfied with their rights that the bishop should confine his public role to religious duties. They fear that his outspoken criticisms of the government, and sometimes insensitive comments about Romanians in general, will only create fresh dangers for the community he genuinely seeks to champion.

Bishop Tókés, like Lech Wałęsa in Poland, is an inspired rebel who

has found the transition to orthodoxy politics hard to accomplish.

What minorities such as the Hungarian one in Romania need is pragmatic leaders who can combine with reform-minded members of the majority group to promote the real political and economic improvements which Romanians have yet to see seven years after Ceausescu's demise.

DR TOM GALLAGHER,
Department of Peace Studies
University of Bradford

Sir: Jonathan Eyal's erudite defence of the need by Nato not to neglect Romania in the likely event of Hungary's admission to that organisation by the end of the decade (letter, 18 September) sounds persuasive now that both countries have agreed to sign an inter-state treaty.

Unfortunately, though, Nato's criteria for admission would still leave Romania without the right to join the first wave of new members. It also needs to recognise its borders with Ukraine and Moldova.

Until the Romanian authorities drop their insistence on including in inter-state treaties with Ukraine and Moldova a denunciation of the Molotov-Ribbentrop Pact, a demand which is perceived in Kiev and Chisinau as a thinly disguised territorial claim, then Romania will not have fulfilled one of the three criteria for consideration of Nato membership.

TARAS KUZIO
University of Birmingham

A Green present or a grey future

Sir: Your leading article of 23 September on the Liberal Democrats ended with the suggestion that by watching events at Brighton this week "we may see the glimmer of policies for the next millennium". If you had reported on the previous week's Green Party conference in Hastings you would have seen a very clear expression of the policies required today.

A basic income scheme to provide for everyone's needs. A shift from taxing desirables such as labour to taxing the undesirables of pollution and profligate energy consumption. Radical action to combat global warming. Abolition of nuclear weapons. A Europe based on a decentralised confederation of strong regions.

If we are to develop a healthy, sustainable world based on social justice in the next millennium it will come from a Green perspective, not from the growth-obsessed short-termism of the three grey parties. DAVID CROMWELL
Southampton, Hampshire

Iranian fighters

Sir: Perhaps the earliest person still remembered in a country's name (Letters, 19 September) is Ashur (Genesis 10:11) whose name gave us Hushang Pimia, whose name is unknown to us, claims to be a former member of the People's Mojahedin of Iran and repeats the old absurdities uttered by the Sunnis' regime time and time again. The reality is that the Mojahedin of Iran have not had any bases or forces in Iraq/Kurdistan for many years. HOSEIN MIR ABEDINI
Press Office, the People's Mojahedin London NW4

Europe is on Murdoch

Sir: Although Polly Toynbee is to be applauded for turning a spotlight on the threat to British television ("Stop Murdoch now or regret it", 23 September), she is not fighting a lone battle.

The European Parliament last week voted by a significant majority for a comprehensive range of policies to defend public service broadcasters such as the BBC. Measures it approved, which were put forward in a report by the Labour MEP Carole Tongue, include keeping major sports events on free TV, obliging cable and satellite operators to carry public service programming and providing proper financial backing for the public service channels.

The reality, however, is that obsession with deregulation and liberalisation has blinder policy-makers to the genuine public interest. Mesdames Tongue and Toynbee are rightly raising the alarm—but they are fighting philistines for whom the market is all that matters.

TONY ROBINSON
Brussels

Early name fame
Sir: Perhaps the earliest person still remembered in a country's name (Letters, 19 September) is Ashur (Genesis 10:11) whose name gave us Hushang Pimia, whose name is unknown to us, claims to be a former member of the People's Mojahedin of Iran and repeats the old absurdities uttered by the Sunnis' regime time and time again. The reality is that the Mojahedin of Iran have not had any bases or forces in Iraq/Kurdistan for many years. HOSEIN MIR ABEDINI
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Crime is up! Hit the moral panic button



Polly Toynbee

Exploring the outer limits of human evil, we peer into our own dark souls and pleasurable frighten ourselves with our potential for sin

It was tempting yesterday to break into a broad grin on hearing the annual crime figures – up again! The sound of the Home Secretary wriggling on the radio will have generated many a gleeful smirk amongst all those toilers in the world of crime and punishment driven to despair by his policies. Crime up? Ha ha!

What is he to say to the Tory Conference in a fortnight's time, eh? Michael Howard has crowed that his tough policies work – 25 per cent more in prison – because the recorded crime figures dipped for three consecutive years. (Though the far more reliable British Crime Survey continued to show a steady upward climb.) But those who live by lies shall die by lies: the figures were complete bunk and hocus. By the same token, though, yesterday's figures are also bunk and hocus, for we do not know what the real crime rate is, nor even how it fluctuates. Of all government statistics the most mendacious are the police crime figures.

Erratically, they record changes in social and policing habits rather than crimes committed. The great mythical "crime waves" of the Seventies and Eighties coincided with a huge escalation in the number of people with insurance policies. (Those without rarely bother to report thefts.) A rapid rise in telephone ownership made reporting crime more common. Similarly, installing answerphones instead of policemen in rural police stations meant fewer people bothered to report rural crimes. Crime figures wobble wildly according to police priorities, the law and the courts: have rape and sex crimes really risen, or just the reporting of them? Police trying to improve their clear-up rate reduce their recording of unsolved crimes, while police bidding for more manpower try to increase them.

But 5.1 million crimes? That is a great many (and there are estimated three times more unreported). How frightened should we be? Burglary is deeply distressing, but what really alarms us is violence from strangers – yet that is rare and has risen the least. Ninety-three per cent of crime is against property. Only 6 per cent of crime is violent and only a tiny 0.6 per cent of that is serious. A quarter of serious assaults are domestic, while babies are the most common murder victim. Crime is highly concentrated – many areas having virtually none, while 70 per cent of crimes happen to those who have suffered already that same year.

Fear of crime is higher in Britain than in most of Europe – although "assault with force" rates are among the lowest: Germany and Holland are almost twice as high. Unwarranted fear keeps the old indoors,

women out of public transport and makes parents overprotective of their children.

But worse still, it grips the nation with moral panic. Whenever some young brute clocks up a hundred crimes, a child is cruelly slaughtered, or a teacher stabbed, the wall goes up, "What is becoming of us?" The smell of fear is in the air.

Keeping things in proportion gets harder as the abuse or willful ignorance of statistics grows. For instance, the number of homicides is almost exactly the same now as it was in 1857, at around 13 per million of the population. The rate has stayed broadly flat since the mid-1970s (and murder is the most reliable statistic). That does not sound very frightening. But if you prefer to be terrified, try this: in 1918 there were only 80,000 recorded indictable offences – now it is five million.

Crime is serious and people are right to be angry, for we all have our anecdotes and there are a multitude of causes and solutions over which we can all argue. Some might cry terminal sin, single parents or the like. I would point to European figures showing how theft and burglary rates track the graph of boom and bust, going up and down with unemployment.

For crime is the flip side of mass prosperity in a grossly unequal society. Believers in our moral decline point out that in the depressed but morally better 1930s there was little theft. But that comparison makes no sense then a huge homogeneous poor working class had nothing – nothing to envy and nothing to steal. Now there is virtually no working class, only a deprived underclass and a huge well-off class parading its Nike trainers and designer label chinos in front of the noses of the wretched young have-nots.

Although crime is only a small part of life, we have always been disproportionately fascinated with it – in literature, films, television, and gruesome cases that sell newspapers. Exploring the outer limits of human evil, we peer into our own dark souls and pleasurable frighten ourselves with our potential for sin. As a society, casting out transgressors defines ourselves and our values.

But that fascination is starting to run riot. Reasonable concern is turning into a moral panic that obscures any real understanding of the society we live in – largely prosperous, happy, peaceful and better educated than ever – but with some grave and intractable problems: poverty, unemployment, underachievement and, yes, crime. To solve them we need to study what works, how to prevent the worst and encourage the best – not wallow in morass of despair. Moral hysteria breeds paralysis or, worse, it generates the sort of useless punitive remedies prescribed by Michael Howard to please the frightened crowds.

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OUR SERIES ON THE PEOPLE JOCKEYING FOR INFLUENCE IN THE LATE NINETIES



THE NEW ESTABLISHMENT
Day eight

Think-tanks

They bear menaces rather than gifts – but new Labour is welcoming their ideas

By Peter Popham

going. "He's the most brilliant person I've ever met," says a former associate, and he's nice with it. Like many of the brainy young, he's a graduate both of Balliol College, Oxford, and of Gordon Brown's office, where he worked from 1990 to 1992. He still has the great man's ear. Dennis Stevenson, chairman of the trustees at the Tate Gallery in Islington (Cherie Blair celebrated her 40th birthday there), to launch Demos, a think-tank which was to be genuinely open-minded; open to right ideas as well as left, and to experience from elsewhere (especially America). Demos got off to a splendid start when the *Daily Mail* derided it as "a ragtag band of one-time Communists, Hampstead socialists and quasi-experts", and it hasn't looked back.

Perhaps there was more to be learned from those to whom Mrs Thatcher wasn't merely the devil incarnate. Two years ago some 95 intellectuals from all corners of the Left and none got together at Frederick's restaurant in Islington (Cherie Blair celebrated her 40th birthday there) to launch Demos, a think-tank which was to be genuinely open-minded; open to right ideas as well as left, and to experience from elsewhere (especially America). Demos got off to a splendid start when the *Daily Mail* derided it as "a ragtag band of one-time Communists, Hampstead socialists and quasi-experts", and it hasn't looked back.

Its director, Geoff Mulgan, who is 32 but looks much younger, is a plausible specimen of post-Thatcherite man: blond, sky-suited, personable enough to have the £100,000 needed to get the thing

Where have all the nurses gone?

By Christine Hancock



A localised pay system keeps their wages down, but their skills are in greater demand than ever. And they are disappearing

At last it's official. The health service has too few nurses. We are facing a recruitment crisis that could stretch well into the next century. After two years reminiscent of television's *The X-Files*, during which the Government denied all knowledge, it now admits that we have a problem.

Nurses have warned of it for some time. A survey released today by the Royal College of Nursing proves it. By the year 2000 a quarter of all registered nurses will have reached retirement age, while the number of nursing students has dropped by 39 per cent in eight years.

Yet demand for nurses is rising sharply. Although NHS demand has remained relatively unchanged, there has been a massive increase from independent providers such as nursing homes. They employ 26 per cent of all registered nurses. Ten years ago this figure was only 8 per cent. In the NHS, too, demand is now expected to start rising.

The facts about nursing shortages speak for themselves. We all know of someone whose operation has been cancelled, someone who has been waiting on a list for years, or has been turned away from hospital because a bed can't be found. Roughly translated, that means there aren't enough nurses.

What has the Government done so far to alleviate the shortages? First, it denied the shortages. Next, it began to reinstate some of the lost training places for nurses. But its main contribution was to introduce a system of local pay which forces nurses to negotiate with their managers. This year, nurses were awarded a national increase of 2 per cent. The Government said it had high hopes that this would be topped up locally.

In fact, only a tiny percentage has received anything more than 2 per cent. Doctors, meanwhile, received 6 per cent and MPs will get 26 per cent. Both have national awards. Nursing's pay review body, unlike that of the MPs, has not considered the consequences for the nation's health of a prolonged recruitment crisis. Nor has it considered the amount nurses receive compared with other professions.

Nurses still lag well behind all comparable professions. While a newly qualified staff nurse earns less than £12,000 a year, a police constable gets £14,500. Meanwhile, a ward sister with several years' experience often earns £6,000 less

than a police sergeant. Two-thirds of nurses questioned in today's survey believe that they would be paid more for less effort if they left nursing altogether. And last year 6 per cent did just that.

The Government has forgotten what Mrs Thatcher knew. She established the review body to avoid unrest. She was reluctant to continue a war with nurses because she knew the enormous public support that nursing enjoys.

She was right. Looking ahead to the next election, if we go by today's opinion polls, then the Labour Party should now learn from the Government's mistakes. The RCN has never been in a situation in which it has opened up so much clear water between the parties. By demanding a national award for nurses set by an independent review body, we have distanced ourselves from the Government. Ironically, at the same time, New Labour is reluctant to make any commitment.

If the Labour Party wants peaceful, constructive relationships with the largest professional group in health care to ensure the highest standards

of patient care, it should commit itself to a national award for nurses. Not out of old-fashioned principle, not because we have a National Health Service, but because it makes sense to treat nursing as a national professional group.

For other health service employees, local pay and local labour markets may make sense. But nurses and similar professionals receive intensive training for three years or more. A growing number are graduates. You can't attract more people into nursing at the drop of a hat, nor by offering

them a few more pounds that they have to negotiate for.

Nurses are a valuable national asset, trained to the same high standards throughout the country. A national perspective on the recruitment and retention of nurses must now go hand-in-hand with a system of national pay.

Today, nurses everywhere are taking on new roles and responsibilities. In hospitals, nurses are working alongside surgeons where it makes sense. Reports of nurses carrying out minor operations have not led to howls of protest from patients, because, frankly, patients feel safer when there's a registered nurse around. In the community, many nurses are working in partnership with GPs, taking on such tasks as vaccinations, intensive home nursing care, and running well-women and well-men clinics.

We have to ensure that there are enough nurses to deliver these services. This will never be achieved through local pay. Today's survey shows that nurses who have left nursing or who intend to leave blame local pay for their decision.

Nurses want a commitment to a system of national pay. Nothing else will do. If we don't get it, anger and unrest might be among the least of the Government's problems.

Some trusts are already looking at alternative arrangements because they can't get enough nurses. We have seen attempts to train other health workers – including cleaners – to carry out nursing duties. The nightmare of calling for a nurse and being attended to by a cleaner has understandably unsettled patients and the public.

Such initiatives do signal a move towards lowest-common-denominator health care. Yet today, some nurses are undertaking part of their training with doctors and therapists. Nurses and doctors are now beginning to understand which treatments work and why. This knowledge is crucial. If we are to provide the best cost-effective care in the future we cannot put these innovations at risk.

As we approach the general election, might I suggest a slogan that will mean something to the public? It is this: "When you need it, you will be cared for by a registered nurse". I guarantee you will get a reaction – not least from more than half a million nurses, as well as the families and patients who depend on them.

The writer is general secretary of the Royal College of Nursing

We'll stop the Red Flag flying

The Labour Party is thinking the unthinkable – that it should no longer sing the most poignant, most battle-hardened hymn in its revolutionary repertoire. Tony Blair would probably prefer to drop "The Red Flag" – the tune Attlee's victorious MPs chanted as they paraded through the Commons lobbies in 1945.

Hardly helpful. Demos is dynamite, but you can never be totally sure where or whom it is going to blow up. But if that dog won't hunt, there's always the Fabian Society to fall back on. In contrast to IPPR and others that have sprouted in the wilderness years, the Fabians go back to the glory days – to the Webbs and George Bernard Shaw. Even today, all but two members of Labour's front bench belong to it. The only problem is (people say) it's at its last gasp. But now a highly promising new general secretary has been appointed to administer first aid.

You don't need to be a reckless gambler to bet that Stephen Twigg (pictured) is a man to watch. Only 28, with the amiable, artless look of a large, startled hedgehog, he's another Balliol man, and went on to become president of the National Union of Students. Since then he has rarely put a foot wrong: he has been councillor then deputy leader of Islington council, and research assistant to Margaret Hodge, the Blairs' neighbour and confidante who is the new MP for Barking. At the general election Twigg will stand against Michael Portillo, and if he is unlikely to erase Portillo's 16,000 majority (he is openly gay, which may not help), he is at least likely to raise his profile a useful notch or two.

Twigg, like everybody else, is keen to discover that Big Idea, the philosopher stone of new Labour which will turn its lead into gold. To that end he plans to revive the moribund Fabian Research Bureau, to take over the society's idea-generating function. But like a juggernaut bearing down, the election looms; there is little mental space at present for any Big Idea besides victory.

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obituaries / gazette

Denis Dowling

The connection between the New Zealand-born baritone Denis Dowling and Sadler's Wells (later English National) Opera spanned 45 years. Dowling made his debut with the company as Faninal in *Der Rosenkavalier* in March 1959, while still a student at the Royal College of Music, and said farewell on 29 June 1984 (five days after his 74th birthday) as Prince Nikolai Bolokovsky in Prokofiev's *War and Peace* at the Metropolitan in New York, on the last night of ENO's American tour.

Though he lost several years owing to the Second World War and its aftermath, Dowling clocked up a vast number of performances of more than 100 different roles. A skilful comedian, with a flexible lyric baritone voice, he excelled in Mozart and Rossini, but he was equally convincing as the sadistic Prison Camp Commandant in Janáček's *From the House of the Dead* or the Secret Police Agent in Menotti's *The Consul* and as Baron Mirko Zeta in *The Merry Widow* or Pooh Bah in *The Mikado*.

Denis Dowling was born in Ranfurly, New Zealand, and brought up on his father's sheep farm, where he himself worked on leaving school. After playing the baritone (saxhorn) in the local brass band, in 1929 he began to take singing lessons with Frank Tuohy, a well-known local voice teacher. Within a year he was entering – and winning – competitions in Dunedin and Christchurch and taking part in concerts and radio broadcasts.

In 1933 he sang Marquis Henri de Corneille in Planquette's *Les Cloches de Corneille* for the Dunedin Operatic and Dramatic Society, his "first essay into the realms of musical comedy". Then, after winning the Melbourne Sun Aria Contest in 1934, he came to London to study further.

Dowling obtained a scholarship to the Royal College of Music, where his vocal teacher was Dawson Freer. In July 1937 his performance of Ford in a College production of Nicolai's *Merry Wives of Windsor* was noticed by Lillian Baylis, director of the Sadler's Wells Opera, who suggested that he should contact her when he had completed his studies. Though Baylis died later that year, in 1939 Dowling was asked to sing Faninal at Sadler's Wells.

As the first singer to be awarded the Tagore Gold Medal for the best all-round student of the year, he left the

RCM in a blaze of glory, but the outbreak of the Second World War postponed all plans for the future. It would be nine years before he returned to Sadler's Wells.

During the war Dowling served as an officer with the Royal Artillery, taking part in the D-Day Normandy landings; he was blown up twice, first into a barn, then out again, with dire effect on his lungs.

After demobilisation, in 1947 he joined the newly formed English Opera Group, singing Junius in *The Rape of Lucretia* and Sid in Britten's *Albert Herring* at Glyndebourne, Covent Garden, Copenhagen, Oslo, Amsterdam and Lucerne, and Ben Badge in Britten's version of *The Beggar's Opera* at Cambridge. In 1948 he finally returned to Sadler's Wells, making his first appearance as Silvio in *Pagliacci*.

New roles followed thick and fast: throughout the 1950s he was giving up to 70 performances a season. He sang Escamillo and Dancario in *Carmen*, Dr Falke in *Die Fledermaus*, Angelotti in *Tosca*, a Showman and a Sergeant in Vaughan Williams's *Hugh the Drover*, Sharpless in *Madam Butterfly*, Baron Douphol and Germont in *La Traviata*, Pietro in *Simon Boccanegra*, Marcello in *La Bohème* and many other roles.

One of his earliest successes was Figaro in *The Barber of Seville*, which he first sang in 1950. The role suited him both vocally and dramatically, displaying his superb diction as well as the solid technique acquired at the RCM. Another favourite was Doctor Malatesta in *Don Pasquale*, a similarly mercurial character. His first Mozart role was Guglielmo in *Così fan tutte*, followed by the Count in *The Marriage of Figaro* and Papageno in *The Magic Flute*.

In 1956, the Mozart bicentenary, Dowling made a very stylish Don Giovanni and, moving from master to valet, a highly subversive Figaro. Two years later he took on the spoken part of Pasha Selim in *The Seraglio*, revealing a beautiful speaking voice. Perhaps the finest of all his Mozart roles was Don Alfonso (*Cosi fan tutte*), in which a smooth and polished manner did not conceal the character's deep cynicism.

Nineteen fifty-six was also the year that Dowling gave one of his best comic performances, Sir Tristram Mickleford in *Martha*; in 1957 Gianni Schicchi, a genial rogue with a great sense



Dowling with Heather Bogg in Rossini's Count Ory at Sadler's Wells, 1963

Photograph: Hulton Getty

of humour, was equally good, but both were surpassed in 1959 by Dandini in *La Cenerentola*. A superb sense of comic timing, together with his habitual excellence of diction and the fluency of his florid singing, made this a magnificent portrayal.

Shortly afterwards, Dowling moved from Figaro in *The Barber* to Doctor Bartolo, scoring yet another great success. In 1963 he added Rainhald in *Count Ory* to his collection of Rossini roles, followed by Fabrizio in *The Thieving Magpie* and, after the company moved to the Coliseum in 1968, by Taddeo in *The Italian Girl in Algiers*.

Meanwhile, as soon as the copyright on the Gilbert and Sullivan operas expired in 1962, Sadler's Wells mounted *Iolanthe*, in which Dowling made an imposing Earl of Mountararat, and *The Mikado*, with the baritone as Pooh Bah. In 1963 Dowling took on many character roles: the Commissioner in

many, where it caused astonishment as well as mirth.

From the *House of the Dead* in 1965 aroused very different emotions: Janáček's opera, based on Dostoevsky's autobiographical novel, brought out a more serious aspect of the singer's talent. Cast against type as the cruel Commandant, Dowling won universal praise.

Sir Humphrey, a role he created in Phyllis Tate's *The Whal* in 1972 at the Cheltenham Festival in 1966, and George Selincourt, which he sang in the premiere of Richard Rodney Bennett's *A Penny for a Song* in 1967, were more in his usual style.

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Foreign Exchange Rates						
STERLING			DOLLAR			D-MARK
Country	Spot	1 month	3 months	Spot	1 month	3 months
US	15500	53	7-4	1000	-	-
Canada	23000	11-3	50-57	1587	2-1	2-0
Germany	23576	52-46	102-102	1582	28-26	85-83
France	75762	151-134	357-367	5208	76-73	220-210
Italy	25912	48-63	142-155	15219	44-51	125-135
Japan	7170	75-70	225-218	10277	45-44	126-133
ECU	12885	15-11	45-40	15851	7-8	23-25
Belgium	45457	1-3	31-35	15050	65-45	128-147
Denmark	82467	158-105	446-395	15085	85-85	270-230
Netherlands	24438	65-57	187-171	15088	35-32	107-102
Ireland	62723	7-3	20-14	16205	4-7	12-17
Norway	10272	20-50	310-200	14848	42-17	10-60
Spain	56353	21-37	58-55	12230	42-27	64-72
Sweden	12255	4-8	14-	15883	3-22	40-11
Switzerland	16275	54-45	155-152	12572	37-34	13-17
Australia*	15738	20-31	57-55	12659	19-21	54-56
Hong Kong	22047	101-61	229-270	17324	2-12	15-35
Malaysia	54670	0-0	0-0	15018	4-14	50-80
New Zealand**	22013	43-57	133-156	14380	30-32	88-90
Saudi Arabia	53433	0-0	0-0	17505	2-7	9-14
Singapore	23862	0-0	0-0	14077	4-30	24765
						05303

Foreign Exchange Rates

STERLING		DOLLAR			D-MARK		
Country	Spot	1 month	3 months	Spot	1 month	3 months	Spot
US	15550	53	7-4	13977	-	-	65698
Canada	23005	11-3	50-57	15932	28-26	65-83	05288
Germany	23576	52-46	150-162	52026	76-73	220-210	10000
France	73782	151-134	357-357	32119	44-51	125-135	23641
Italy	26712	45-63	122-137	10377	45-44	136-131	100578
Japan	71701	75-70	225-218	12561	7-8	23-25	725383
ECU	12895	15-11	45-40	87830	85-85	128-147	05223
Belgium	45457	1-8	51-55	58005	85-85	210-220	203821
Denmark	82467	150-105	446-446	10988	35-32	17-18	383865
Netherlands	25438	65-57	187-174	16225	4-7	12-17	1214
Iceland	68223	73	20-44	64646	42-17	10-50	0423
Norway	13072	20-50	310-300	62230	23-27	64-72	42723
Spain	16533	21-37	65-65	65893	3-22	40-11	841264
Sweden	11285	1-8	1-8	12372	37-34	13-17	43589
Switzerland	18275	54-45	155-152	12559	19-21	54-56	08176
Australia*	15738	20-31	67-65	27321	2-2	15-35	08372
Hong Kong	12047	101-61	229-270	25018	4-14	60-80	5700
Malaysia	54691	0-0	0-0	14380	30-32	58-60	165330
New Zealand**	22013	43-57	153-156	37505	2-7	8-14	03464
Saudi Arabia	58433	0-0	0-0	14077	4-30	23-25	24785
Singapore	23822	0-0	0-0				05303

Country	Sterling	US\$
Argentina	15.582	20.00
Austria	15.5890	20.00

Austria	155800	10545	Pakistan	575564	363200
Brazil	15881	10597	Philippines	409703	222000
China	22981	83322	Portugal	240203	15410
Egypt	52966	34005	Qatar	56712	35400
Fiji	70681	45483	Russia	842004	540300
Greece	263235	190000	South Africa	72382	45500
Greece	572883	238260	Taiwan	428560	275000
India	555429	362500	UAE	57243	35732
Kuwait	84978	63002			

Note: Forward rates quoted high to low are at a discount (adduct from spot rate); those quoted low to high are at a premium (add to spot rate). *Dollar rates quoted as reciprocals. For the latest foreign exchange rates call 0897 123 3033. Call cost 30p per minute (charge rates) + 10p other times.

Holland(Guilder)	11,7250	Japan
Finland(Mark)	8,9800	Malta

Interest Rates			
UK	Germany	US	Japan
Base	5.75%	Funds	2.25%
France	Discount	Discount	Discount
Intervention	Lombard	5.00%	Belgium
Italy	Canada	Fed Funds	Discount
Discount	Prime	Spain	Central
Netherlands	Discount	10-Day Repo	Switzerland
Advances	Denmark	Sweden	Discount
	Discount	Repo (Avg)	Lombard
	3.25%	3.25%	4.25%
	5.00%	7.25%	15.0%
	5.25%	5.15%	15.0%

UK	71%	29	7.6%	220	Matt
US	67%	63	8.9%	633	Spain
Japan	55%	16	31%	254	Italy

	Japan	Austria	Germany	Italy	Belgium	Sweden	ECU DAY	Day	Year
%pt	537	176	375	234	57	506	75	176	407
pp	+12	238	174	737	-	506	75	634	
Germany	5381%	536	621%	65	1%	686	75	784	
France	57%	328	225%	63	6%	538	75	755	548

Sources: IBC Markets Research. Yields calculated on local basis. ** Denotes new benchmark.

Money Market Rates

	O'Night	7 Day	1 Month
Interbank	5½	5½	5½
Sterling CDs	-	-	5½
Local Bankers' Dept.	5½	5½	5½

Local Authority Dps	5% 5%	5% 5% ^{1/2}				
Discount Market Dps	-	-	-	-	-	-
Treasury Bills (Buy)	-	-	5% ^{1/2}	5% ^{1/2}	-	-
Dollar CDs	-	-	5.20	5.30	5.45	5.75
ECU Unfixed Dps	-	-	4% ^{1/2}	4% ^{1/2}	4% ^{1/2}	4% ^{1/2}
Liffe Financial Futures						
Contract	Settlement price	High/Low for day		Est Contracts traded	Open Interest	
Long Gil	Sep 86 106.05	106.07	106.03	2029	1839	
German Bond	Dec 86 98.17	98.27	97.95	13262	22342	
J.G.Bond	Dec 86 122.14	122.14	122.05	1204	0	
Italian Bond	Dec 86 181.17	181.34	181.18	57655	78555	
SM Sterling	Dec 86 94.00	94.06	93.99	32824	19027	
	Mar 97 93.63	93.68	93.60	22045	78415	
3M Euroyen	Mar 97 98.25			0	N/A	
	Jun 97 99.98	99.98	99.98	5	N/A	
3M Euromark	Dec 86 98.80	98.81	98.75	2773	223581	
	Mar 97 98.71	98.72	98.68	20391	212164	
ECU	Dec 86 95.78	95.80	95.77	955	8806	
	Mar 97 95.74	95.77	95.71	157	3220	
Euro SFr	Dec 86 96.14	96.18	96.14	4814	42833	
FT-SE 100	Dec 86 304.60	309.60	303.60	10809	58465	
FT-SE 250	Dec 86 44220	44360	44350	20	3551	
Eurostoxx	Dec 86 92.02	92.05	91.93	25988	58052	
Liffe FT-SE Index Option						
Settlement price: 3500.00		closing offer price			Call/Put	
Series:	3850	3600	3850	4000	Total/vols	
Oct	93/21	58/36	32/60	14/95		
Nov	119/37	86/55	57/77	35/108		
Dec	151/58	118/75	88/95	63/120		

Liffe FT SF Index Options

Jan

INDUSTRIAL METALS - London Metal Exchange					
Storage	Cash	3 mths	Volume	LME Stocks	cbg
Aluminum NB1305-15	187.5	5002	55025	-	330
Aluminum Alloy	21.5	1225-38	1245	8400	-
Copper A.	165-18	7633	268025	-	640
Lead	7775-85	7153	7157	+	50
Nickel	7105-40	7045-50	5578	+	402
Zinc	8000-5	8014-5	3255	-	5
Zinc	8015-4	8014-55	3257	-	50

PRECIOUS METALS

Precious Metals	\$	£	Coles	\$	£	Krugerrands	\$	£
Platinum	362.75	246.00	Britannia	337	225	Krugerrands	324.325	240.207
Palladium	72.00	75.15	Britannia 5 oz	125	125	Sons	88.97	57.62
Silver spot	48.50	31.50	Britannia 25 oz	103	66	Nobles	363.255	245.255
Gold Bull.	382.20	245.30	Britannia 10 oz	37	23	Maple Leaf	322.297	245.225
						Bearer Stock & Co		

Sept
Dec
Mar
July

Other Sets (Age/Culture)

Suppl. Type	Prod.	Prod. Vol.	Prod. Vol.	Prod. Vol.	Prod. Vol.	Prod. Vol.	Prod. Vol.	Prod. Vol.	Prod. Vol.
Oct Colton (NY)	USCoal/b	7545	Jaymar	Sunflower Oil	F/Storage	61000			
Oct Wool	Acrylic	7500	Oct	Reprocessed -	F/100kg	8800			
Sep Rubber	Monofil	32150	Aug/Sep	Branched Oil	Storage	88500			
Origin	EU+NEC = many origins	17+Philippines/Indonesia +Malaysia +N Europe	Source	FT Information/Refineries					

Jan 2148 +0.4 15.5
Vol 30478 Index 22.03

*Data £/tonne previous day. Year ago prices show average for week. Source: ICS-London Oil Report/Tight prices								
COMMODITY INDICES								
*GSCI Indices	Base date	+Spot	% Day Chg	Dec Stat	% Yr-to-dig	Year ago	% Yr chg	
Index	1970-100	20002	-0.61	20350	-171	18014	+11.03	
Agriculture	1970-100	25439	+0.65	26175	+971	25553	+4.20	
Energy	1973-100	7554	-1.11	7131	+332	5239	+26.24	
Industrial Metals	1977-100	15622	-0.05	15532	-198	20124	-23.04	
Livestock	1970-100	19405	-0.53	19271	+521	12251	+51.65	
Precious Metals	1973-100	46159	+0.07	46165	-151	46256	-2.21	

100 Largest Insurance Funds

Stock	Bid	Mid	Offer	Stock	Bid	Mid	Offer
Abbey Equity Star 4	2988	2941		Legal & General Managed Accr	3921		
Abbey International Star 4	2223	2251		London & Manchester Flexible Acc	3822		
Abbey Managed Star 4	781	8222		London Equity	3493		
Abbey National Managed	1887	1421		London Mid	3823		
Abbey National UK Equity	1487	1245		LS & G Standard Bond Acc	10021	10033	
Abbey Equity Acc Star 3	1889	2045		LS & G Standard Fund Acc	3804		
Abbey Managed Fund Acc 103	1048	1020		LS & G Standard Fund Mngd Acc	3805	3806	
Abbey Domestic Dividend Bond	1048	1030		Mutual Balanced	3823		
Abbey Dividend Income Acc	1715	1645		Mutual UK Equity	3823		
Abbey Domestic G + High Income Star	2353	4030		National Growth Managed	3823		
Abbey Domestic Managed Acc	2045	1773		Regional Security Mngd	3821		
Abbey Domestic Property Acc	62000	6270		Regional UK Equity	3823		
Axa Equity & Law Dist Star 5	5453	5828		North West United Mgt Ex NORM MF	3783		
Axa Equity & Law Dist Star 6	1224	1277		North West United Unlisted Mkt Prots	3784	3845	
Axa Equity & Law Dist Star 7	1280	1231		NPI Fund	3821		
Axa Equity & Law Dist Star 8	1052	1020		Pensionary Fund	3823		
Bardonia Equity Acc	4922	4924		Pensionary Fund Acc	3823		
Bardonia Managed Acc	2245	2274		Pensionary Fund Mngd	3823		
Black Horse Income Fund Star 2	382.50	382.50		Pensionary Fund Mngd Star 2	3823		
Black Horse Mngd Inv Star 22	567.48	565.22		Prudential Funded Managed	4823		
Canada Managed Star 2	9495	9495		Prudential Funded Mngd	3823		
CANPRI Equity	3871	481		Royal Life Managed	4521		
CMDFP Standardised	3385	3324		Royal Scottish Growth Managed	3823		
CMW With Profit Fund	1025	1025		Royal Scottish UK Equity	3823		
Commodities Equity 1	20817	2075		Scottish Assurance Equity Star 1	3821		
Commercial Union Mngd	4715	4671		Scottish Assurance Managed Star 1	3821		
Commercial Union UK Equity	1048	1048		Scottish Equitable Mngd	3823		
Commercial Union With Profit	1048	1048		Scottish Life Managed	3823		
Eagle Star Managed 2	1224	1224		Scottish Mutual Safety	3823		
Fidelity Performance	5954	5923		Star Prov Inst Mkt Clsc	3823		
Friends Provident Managed	3887	3880		Star Prov Inst Mkt Prots	3823		
Friends Provident UK Equity	5824	5819		Scottish Widows Managed	5223		
Friends Provident With Profit	3849	3717		Standard Equity	3823		
General Accident With Profit	5533	5525		Standard Equity	3823		
GA Prov Mutual Inv Cnd	6020	5955		Standard Equity	3823		
GA Prov Mutual Mngd Cnd	5803	5825		Standard Fund Invest	3823		
Globe Standard	3823	3812		Standard Fund Invest	4459	4464	
GME Equity Acc	1555	1516		Standard Managed	3823		
GME International Acc	1554	1507		Sun Alliance Equity	3823		
GPE Managed Acc	7814	8414		Sun Alliance Managed	3823		
Hill Standard Equity	7655	7601		Sun Life Delivered Satisfaction	3823		
Hill Standard Managed Star 4	6567	6544		Sun Life Equity Acc	3823		
Hills Life Global Mkt Plus Star 3	6555	7129		Sun Life Mngd Acc	3823		
J H Robinson(GU) Plus Mngd	1537	1524		Sun Life Con Century Eq	3823		
Lazard Freres Imperial UK Mgt Acc	5265	5304		Sun Life Con Mkt Eq Inv Acc	3823		
Lazard Freres Managed Acc Star 3	5255	5215		Sun Life Con Mktplus Inv Mngd Acc	4459	4464	
Lazard Freres UK Equity Acc	5447	5733		TSB Equity	3823		
Legal & General Equity Acc	10121	10120		TSB Fund manager	3823		
Legal & General Equity Acc	10121	10120					

business

THE INDEPENDENT • Wednesday 25 September 1996

BUSINESS NEWS DESK: tel 0171-293 2636 fax 0171-293 2098

Fed surprises markets by holding interest rates

RUPERT CORNWELL
and CHRIS GODSMARK

The US Federal Reserve yesterday took world financial markets by surprise by deciding to leave American interest rates unchanged.

The decision, taken by the Fed's open markets committee after a meeting in Washington, sent US shares soaring, with the Dow Jones Index reversing a 30-point fall to show a 24-point gain within minutes of the announcement.

The decision, which had been keenly awaited on Wall Street,

means that the key fed funds rate remains unchanged at 3.25 per cent.

Last night this was being seen as a setback for anti-inflation hawks at the Fed who had made no secret of their desire to see rates move higher to choke off inflation.

However, the failure to raise rates was a failing for President Clinton who has been counting on a trouble-free economy in the run up to November's presidential elections.

A majority of US analysts

had expected the Fed to raise rates, particularly after a leaked

report last week showing that eight of its 12 regional Fed bank presidents supported a move upwards.

Philip Orlando, chief investment officer at Value Line Asset Management said the decision to leave rates unchanged was "fully justified given the complete absence of inflation".

But Graham Tanka, president of Tanka Capital Management, said he was disappointed that the Fed had not taken "a golden opportunity to nudge rates on" as a pre-emptive strike against inflation.

The news bolstered the pound, but had little impact on the stock market, which was

more preoccupied with speculation of a rise in US interest rates.

Earlier the London markets had been buoyed by good economic news on the domestic front as dealers waited nervously for the outcome of the Fed's announcement.

The sharp improvement in Britain's trade balance also gave the Government a further boost while other figures showing better than expected growth earlier this year were seen by economists as effectively ruling out further cuts in interest rates.

The US long-bond market rose by nearly two-thirds of a point, cutting the yield to just under 7 per cent.

At the start of trading Wall Street had been unnerved by a profits warning from the US telephones giant AT&T, which was

said its earnings in the second half of the year would be up to 10 per cent below market estimates.

The UK statistic showed a balance of payments surplus of £45m between April and June, compared with City forecasts of a deficit of around £1bn. In addition, a trade gap of £1.1bn in the first quarter of the year was revised down to £9.8bn.

The improvement came entirely from the trade surplus from investment income, which rose from £2.4bn in January and March to £4bn in the second quarter. This more than

compensated for a slight increase in the deficit on traded goods from £3.5bn to £3.6bn between the first and second quarters.

Other figures released by the Office for National Statistics showed the economy grew by 0.5 per cent between April and June, an increase from the previous estimate of 0.4 per cent.

Growth in the first quarter was also revised upwards from 0.4 per cent to 0.6 per cent.

The changes made the annualised growth rate so far this year look much better than had been previously thought.

Market report: Bid rumours boost insurers

Investment: Tarmac finds recovery elusive

Unit trusts

DEPUTY BUSINESS & CITY EDITOR: MICHAEL HARRISON

UBS pays

£200,000

fine after

breach of

SFA rules

JILL TREANOR

Banking Correspondent

UBS, the Swiss investment bank, was yesterday fined £20,000 by the Securities and Futures Authority after the discovery that two of its staff inflated the value of their trading positions by £8.9m during 1994.

The paper loss caused a significant risk to UBS's business, but is an embarrassment in the wake of a series of other disasters caused by traders hiding their dealing positions from their managers - the most notorious being Nick Leeson, whose actions broke Barings.

James Keen, a former convertible and warrants trader at UBS, contested his case at the SFA tribunal but failed to avoid a reprimand, a £2,000 fine and an order to leave the SFA's register of managers.

The SFA first instigated proceedings against UBS, Mr Keen and Mr Larkin in June and July 1995. But because Mr Keen took the proceedings to tribunal the affair has not become public until now.

Both men were sacked by UBS in 1994. Mr Keen, now 29, has not been barred from the SFA's register of traders. He was briefly registered with another firm, Tradition, until February 1995 but is no longer on the SFA's register. Mr Larkin is also not on any of the SFA's registers and details of the action against him have been passed to the Securities and Exchange Commission, the US regulator.

"UBS has admitted that it failed between March and May 1994 speedily to identify and remedy the fact that a number of positions held by the convertibles and warrants desk had been mismarked, causing it to be in breach of SFA's rules on marking to market," the SFA said.

UBS, which was also required to pay the SFA's costs of £8,000, passed on the details of the problem to the regulator. The SFA took this, and other factors such as the bank's decision to strengthen its review procedures, into account.

"As at 12 May 1994, when the positions were revalued in accordance with SFA's rules, there was a divergence of £8.9m between the level at which the positions had been marked and their market value," the SFA said.

The problems stem from Mr Keen's convertible bonds position, which was badly hit when world bond markets collapsed in February 1994. He appears to have believed the market would move back in his favour and may have been fudging his positions while he waited for the markets to recover.

But, under SFA rules, trades must be accounted for at their current market value and, according to the regulator, Mr Keen breached these rules on "marking-to-market" between February and April 1994.

Watchdog uncovers water profits misuse

CHRIS GODSMARK
Business Correspondent

Ian Byatt, the water industry regulator, yesterday revealed damning evidence showing for the first time how the 10 privatised water companies have used their profits to subsidise hundreds of millions of pounds of activities by a web of non-regulated businesses.

The extent of the conflicts of interest and cross-subsidies only emerged after six months of investigation by independent inspectors appointed by Ofwat, the industry watchdog. They uncovered huge discrepancies between different companies in the scale of trading between the main regulated water operation and unregulated subsidiaries set up after privatisation such as engineering consultancy, contracting and computer support.

The research suggested some of the companies had ignored guidelines published more than two years ago by Ofwat imposing a statutory duty to keep the regulated water businesses at arm's length from the quoted parent group.

Problems highlighted included cash paid by the regulated water operations to the parent company which was not directly linked to specific services; contracts awarded to in-house subsidiaries which were not put out to competitive tender and potential conflicts of interest where directors of the water divisions were also directors of the non-regulated businesses.

Mr Byatt said despite some

changes made by the water companies since the investigation began, he remained concerned about a situation where they did a lot of their business with subsidiaries of the parent group.

The findings were seized upon by Labour, which said they vindicated warnings that privatised water companies were creaming off money to finance other activities. Frank Dobson, the party's environment spokesman, said: "It shows that the present regulatory arrangements are not up to the task of tracking what is actually going on".

However, Ofwat blamed the companies' auditors for not spotting their lack of compliance

with the guidelines. He said: "It is not the regulator's job to audit company procedures... the reviews have shown the need for improved scrutiny of company compliance in this area by their auditors."

According to the regulator, the 10 privatised companies had non-regulated operations with sales of more than £300m in 1994-95. In the case of five out of the 10 companies, these subsidiary businesses derived more than a third of their business from the main water division.

Southern Water, which has since been taken over by Scottish Power, came off particularly badly, with 58 per cent of its non-regulated income derived from

the water business. Southern

also disclosed that not one of its contracts had been put out to competitive tender.

Southern said it was "benchmarking and market testing"

some of its non-regulated operations, but still had 25 subsidiary companies which derived some or all of their work from

the water business.

The inspectors found Southern's consultancy business, called McDowell, did the majority of the feasibility studies, design and supervision work for the regulated water companies.

These charges have since been reduced.

Five other water firms put less than 10 per cent of contracts out to tender: Welsh Water, Northumbrian, North West, Severn Trent and Yorkshire.

Action taken by the companies in response also varied widely. Thames Water and South West Water had removed all cross-directorships, whereas North West Water said in such situations directors would abstain from voting on decisions where conflicts of interest could occur.

Northumbrian, Southern and Severn Trent had since agreed to market tenders only "a proportion" of such services.

Separately figures published

yesterday showed water bills this year have risen by twice the rate of inflation. The consultancy firm NUS said water prices in the UK had gone up by 4.9 per cent in 1996.

Comment, page 19

Companies' trading with subsidiaries (1994-95)						
	Trade with associates as turnover	% of associates	Contracts with associates	Contracts with not yet by company	not yet by business	not yet by value
Anglian	4	35	58			
Welsh Water	15	34	99			
Northumbrian	9	20	97			
North West	3	7	97			
Severn Trent	6	23	92			
Southern	10	58	100			
South West	16	41	74			
Thames	6	26	59			
Wessex	2	1	34			
Yorkshire	5	41	99			



Still concerned: Ian Byatt is worried about water companies which do a lot of business with subsidiaries of the parent group

Photograph: Craig Easton

Court ruling leaves Brent Walker reeling

TOM STEVENSON
City Editor

The future of Brent Walker hung in the balance last night after a French court ruled that the betting shops to pub group should repay its former chairman and chief executive George Walker more than £6m. The decision threatened to trigger a promise from Standard Chartered, one of the company's biggest lenders, that it would put Brent Walker into receivership rather than pay anything to Mr Walker.

George Walker said last night he was delighted by the decision, which backed a claim dating back to 1989 when the former boxer lent £20m to Brent Walker to help fund the acquisition of the William Hill chain of bookmakers from Grand Metropolitan. Half the debt was paid back but £10.2m remained for many years in Brent Walker's books as a contingent liability which the company then refused to pay.

After the decision in Paris yesterday, Brent Walker launched an immediate appeal



George Walker: Stands to get £6m after Paris decision

and also threatened to issue an injunction against Mr Walker, preventing him from attempting to wind up the company. It is thought Mr Walker would prefer to see the company wound up rather than have it fall into receivership.

Through his lawyers, Harkavy, Mr Walker also launched an appeal, against the amount of the award which he had hoped might reach £18m including interest on the outstanding loan.

Laura Ashley continues recovery

NIGEL COPE

The recovery at Laura Ashley, the clothing and home furnishings group, took another step forward yesterday when the company announced its first interim dividend since 1989. The announcement of a 40p payout accompanied a 73 per cent increase in pre-tax profits to £5.2m for the six months to July.

In current trading Laura Ashley stores are enjoying strong sales increases in the UK though sales in the US show only a modest increase and are down sharply in Continental Europe.

If Brent Walker, which continues to struggle under a £1.4bn debt mountain, were to be put into receivership, it would lose its stock market quotation and tax losses of up to £900m, which might be attractive to a bidder, would be lost.

The threat of receivership follows a summer of speculation over the future of Brent Walker's two main subsidiary companies, William Hill and the Pubmaster chain of mainly tenanted pubs.

Five venture capital groups are thought to be lined up to bid for the 1,700-strong chain of pubs after Hill Samuel, which advised the group, appeared to have failed to find a trade buyer for the outlets.

due to the poor economic climate in some countries.

Shares in the company fell 10 per cent to 193.5p as the results were below some analysts' expectations. There was also some profit taking after the shares' strong recent run.

The company is working to increase margins and reduce mark-downs and costs. The supply chain is also being modified and will be reduced to a smaller number of high-quality, higher-volume suppliers.

The future of the company's in-house manufacturing plants

are still under review. A total of 150 staff have been cut since last year, including 66 redundancies.

up by 10 per cent. Home furnishings outperformed clothing in all markets and Ms Iverson said furnishings might eventually account for more than 60 per cent of group sales.

The company is working to increase margins and reduce mark-downs and costs. The supply chain is also being modified and will be reduced to a smaller number of high-quality, higher-volume suppliers.

But, under SFA rules, trades must be accounted for at their current market value and, according to the regulator, Mr Keen breached these rules on "marking-to-market" between February and April 1994.

Voting shake-up lifts Parker

MAGNUS GRIMOND

Cornwall Parker, maker of the famous Parker Knoll recliner armchair, saw its voting shares soar yesterday after bringing down the curtain on four generations of family dominance.

The 107-year-old company announced plans to end the dual share structure which gave voting control to the descendants of the founder, Frederick Parker. At the same time, the

two last remaining family representatives on the board are relinquishing executive duties, with chairman Martin Jourdan taking on a non-executive role.

News that holders of the voting shares are to receive a two-for-three scrip issue to compensate for loss of control sent the thinly traded shares 65p ahead to 240p. They are now 100p higher than where they were at the start of September. The non-voting A shares were left almost un-

moved by the day's events, slipping 0.5p to 165p.

Analysts had been expecting moves to update the share

BS pays
£20,000
ne after
each of
A rules



COMMENT

This drip-drip process of siphoning money from one pot to another – otherwise known as transfer pricing – has been going on for seven years without Ofwat apparently noticing.

Byatt cannot wash his hands of water scandal

Somehow it sticks in the craw to have to agree with Frank Dobson but for once Labour's environment spokesman is right when he complains that Ofwat may not be up to the job of regulating the privatised water companies.

The report yesterday by the director-general of Water Services, Ian Byatt, highlighting the way that the 10 companies have been feather-bedding their non-regulated businesses at the expense of customers of their core water and sewage businesses is shocking enough.

What is more disturbing, however, is that this drip-drip process of siphoning money from one pot to another – otherwise known as transfer pricing – has been going on for seven years without Ofwat apparently noticing.

But what takes the biscuit for sheer audacity is Mr Byatt's calm assertion that it is all the fault of the auditors. If Ofwat is not there to police and prevent this sort of behaviour through the licence conditions laid down for the privatised water companies then what is it there for?

Ofwat is hardly short of the requisite powers to stop this sort of thing and yet the floodgates appear to have been stuck open since privatisation in 1989. The water industry's record on diversification into non-regulated businesses has been appalling. When those associate companies rely upon the regulated business for more than half their turnover, the scope for abuse becomes even more apparent.

And abuse there has been by the bucketful, from charging central costs only to profitable parts of the group to letting contracts to associate companies without a single competitive tender.

Mr Byatt says he has now spoken to the offending companies and they have agreed to "remedy their practices in line with Ofwat's wishes". You bet they have. That may not be the end of the story. Transfer pricing is the kind of phrase that makes taxmen prick up their ears and scent blood. There is enough in the Ofwat report to merit close scrutiny.

As for Mr Byatt, he has rather blotted his copybook and his reputation as the most capable and astute of the regulators by publishing the evidence only to then wash his hands of responsibility.

Better to lead than to be pushed

The family shareholders at Parker Knoll have declined in the executive chairs that made it so famous, taken a long hard look at what happens to those who try to hold back the tide of enfranchisement and sensibly decided to abandon the company's dual share structure.

This, of course, is not an act of pure philanthropy, borne out of higher motives such as a belief in shareholder democracy. The two-for-three scrip issue that the 40-odd

family shareholders will enjoy provides them with a highly lucrative exit route from a business that most of them have probably long since lost interest in, especially after it was renamed Cornwell Parker.

In opting for enfranchisement, Cornwell Parker is following an increasingly well-worn path already trodden by the likes of GUS, Greenalls and more recently Pifco. But there are still some dinosaurs out there. Schroders, the Savoy group and even the mighty Daily Mail & General Trust may care to reflect that it is better to lead rather than be pushed.

A plan to reduce the annual angst

The average annual meeting is a mind-numbingly boring ritual at which shareholders and managers meet, talk, but fail abysmally to communicate.

Even the Department of Trade and Industry has acknowledged that the shambles of the agm does not credit to the shareholder democracy it has been trying to encourage.

In April it published a consultation document containing some ideas that would give shareholders more opportunity to get meaningful answers out of their boards. With the threat of government intervention in the air, the Institute of Chartered Secretaries and Administrators, representing the company secretaries who stage the ancient and discredited annual meeting, stepped in yesterday with a voluntary guide to good practice at agms.

The idea was an audible sigh of relief from the DTI, which loves a good voluntary code of practice since it allows ministers to avoid doing anything themselves.

The guide includes a new requirement that all directors, not just non-executives, must put themselves up for re-election by rotation. But like the DTI, the company secretaries pour cold water on radical proposals from shareholder activists to force institutions to cast their vote on every issue, and to make it mandatory for companies to pay the costs of circulating shareholder resolutions.

The most interesting idea from the secretaries is a cheap and easy way to give more influence to the vast numbers of pension fund and other investors whose shareholdings are aggregated in fund managers' nominee companies.

At present, the nominee company can appoint just one representative to speak at the annual meeting. With many pension funds now managed by vast City organisations, their individual voices have been silenced. The DTI suggested a change in the law to allow the individual pension fund trustees and other investors represented by the fund manager to speak at agms.

But company secretaries reckon the same result can be achieved effortlessly, without legislation, if the nominees issue a separate proxy card to each of the shareholders they represent. The board should then use its existing powers to waive the rule banning proxies from speaking.

The idea is so simple it is odd that it has not been thought of before. Perhaps it ought to be incorporated in the Stock Exchange listing rules.

Rank buys Cobleigh in £96m deal

TOM STEVENSON
City Editor

Another fortune was made in the booming eating-out market yesterday after Rank paid £95.6m for Tom Cobleigh, a chain of 44 managed pubs that was started from scratch only four years ago. Derek Mapp, Cobleigh's managing director who chipped in £170,000 in 1991 to acquire the group's first pub, stands to pocket £6.4m from the deal.

The other main beneficiary of the sale is European Acquisition Capital, a venture capital group that invests funds mainly for pension funds, which has transformed its original £10m investment into £47.5m. EAC put the group into play earlier this summer when it indicated it wanted an exit, either through a placing or trade sale.

Mr Mapp said he was happy with the sale to Rank, which has allowed him and three other founder directors to realise their investment while remaining with the company to achieve their ambition of building Tom Cobleigh, which trades under the motto "Unpolished Pubs for Nice People", into a national brand.

Neither the founders, who have committed to stay with Rank for three years, nor EAC sold any shares on flotation less than a year ago when Cobleigh

raised £22m via a placing of shares at 150p. Rank's takeover, which is understood to have beaten a rival offer from Yates Wine Lagers, was pitched yesterday at 240p.

Andrew Teare, new chief executive at Rank, said the acquisition was in line with his recently stated strategy of concentrating on the group's leisure retailing activities while withdrawing from its long-standing investment in the Xerox office machines business. He denied the deal meant Rank was poised to make a string of pub acquisitions.

He said Rank would accelerate Tom Cobleigh's already ambitious opening programme which had envisaged 16 new openings this year. A similar level of new pub openings is planned for the next two years "leaving us with 80 plus units and an extended geographic profile".

Rank had considered setting up its own branded outlets, Mr Teare said, but buying Cobleigh had given it a five-year head-start. Rank's shares closed 7.5p lower at 431.5p as the market focused on the price being paid for the company which represented 27 times forecast earnings for the year to next March.

The acquisition is the latest in a run of fully-priced recent purchases of small entrepreneurial pub companies.



James Sexton (right) and Colin Rowley, finance director, celebrating the group's first year on the Alternative Investment Market with a 62 per cent rise in annual profits to £18.8m. Stripping out a £7.45m

part of the relocation of the Southern Daily Echo and other Southampton-based weekly titles, operating profits only edged ahead, however. The group said the current year would see the virtual completion of

printing operations, although the full benefits will not come through until next year. The group is raising the dividend by 15 per cent to 17.75p.

Photograph: News Team

IoD warning against tax cuts

CHRIS GODSMARK
Business Correspondent

The Institute of Directors yesterday issued a stark warning to the Government not to cut taxes in November's Budget,

adviser, the IoD called for £7bn to be slashed from Government revenues. Savings of £5bn could come from public spending cuts and a further £2bn from the Treasury's reserves.

Tim Melville-Ross, the IoD's director-general, said: "Progress on sorting out the public finances has simply not been achieved... I think it would not be too strong a word to say we're alarmed by the lack of progress in that direction."

The IoD said the state of the public finances was getting "ever more disturbing" as tax revenues fell short of treasury predictions in addition, lower-than-expected inflation meant Government spending plans for 1997/98 were more generous than they appeared in cash terms.

Melville-Ross said the IoD had received "virtually no calls" from members urging further tax cuts. "Even your

average Conservative voter understands the wisdom of a prudent budget", he said.

But the IoD admitted that the Chancellor was almost certain to ignore the advice and press ahead with tax cuts. "Today the CBI will issue a similar call for a 'prudent budget'... There's clearly strong political pressure on the Chancellor to cut taxes... I suspect he will put £1bn or £2bn into income tax reductions," Mr Melville Ross explained.

IN BRIEF

• Leading accountancy firms Price Waterhouse and Ernst & Young moved closer to registering their UK operations in Jersey after the island's parliament yesterday passed a law that would provide auditors with greater protection against law suits by allowing limited liability partnerships. The firms are likely to vote on a move to Jersey if – as expected – the law is sanctioned by the Privy Council later this year. The development comes as the Government is considering amending the UK law on joint and several liability, under which an auditor can be held responsible for the whole loss in a corporate collapse regardless of the extent of his or her fault.

• Siebe has agreed to acquire Mannesmann Demag's Compressed Air Division for £20.5m cash, equivalent to the division's book value. The division, which designs and manufactures industrial and portable compressors, air tools and related equipment, will be integrated into Siebe's CompAir Division.

• Refuge Group is continuing to explore ways to create a new security for its shareholders to take account of the valuation of its long-term funds. It will therefore revise its formal offer for the share capital of United Friendly and will despatch its revised formal offer to shareholders no later than 30 September.

• Royal Doulton agreed a £5.47m bid for Caithness Glass Limited yesterday in a deal which should be earnings enhancing in the first full year after acquisition. Alistair Mair, Caithness chairman and managing director, will remain with the company along with other senior executives.

• John David Sports issued the pathfinder listing particulars for its proposed flotation by means of a placing of existing and new ordinary shares. The placing will raise approximately £8.9m and be used to strengthen its balance sheet, provide financial resources to proceed with planned store openings and provide additional working capital and financial flexibility.

• Peninsular & Oriental Steam Navigation, which operates three services from Portsmouth in addition to its Dover-Calais crossing, said traffic on all continental routes in the year to end-August was down by 15 per cent year-on-year. Car traffic was down by 15 per cent. Its market share of the Dover-Calais service fell from almost 39 per cent to 30 per cent. Eurotunnel claims it has a 44 per cent share of the Dover-Calais traffic.

• Guinness marked the official opening of its 1,000th Irish theme pub worldwide with a new Molly Darcy's outlet the heart of Vienna's first district. It is the first traditional Irish pub to open in Austria under the Guinness Irish pub concept established in 1992 and Guinness expects to open other such pubs in Austria.

• Lasmo received consent from the Department of Trade & Industry to develop the Boulton gasfield in the southern North Sea. Co-venturers with Lasmo in the development are Conoco (operator) and British Borneo. Lasmo expects production to begin in the second quarter of 1998.

THE INDEPENDENT ON SUNDAY

Lunch for £5, Dinner for £10

at CAFÉ ROUGE
RESTAURANT BAR CAFE



CAFÉ ROUGE RESTAURANTS

LONDON: Battersea, Blackheath, Canary Wharf, Chelsea, Chiswick, Clapham, Crouch End, Dulwich, Ealing, Earlfield, Fetter Lane, Fulham, Fulham Palace Road, Fifth Street, Hampstead, Hays Galleria, Highgate, James Street, Kensington, Kew, Knightsbridge, Limehouse Lane, Maida Vale, Old Brumpton Road, Portobello, Putney, Richmond, Sheen, Southgate, Shepherds Bush, Strand, The Green, Wandsworth, Wellington Street, West Hampstead, Whiteleys, Wimbledon, St. John's Wood.

OUTSIDE LONDON:

Aberdeen, Bath, Beckenham, Birmingham, Brentwood, Brighton, Bristol, Cambridge, Canterbury, Chelmsford, Dorking, Edinburgh, Esher, Glasgow, Guildford, Harrogate, Henley, High Wycombe, Kingston Hill, Knutsford, Loughborough, Manchester, Oxford, Pinner, Reigate, St Albans, Sunbury, Weybridge, Wimborne.

If you are not sure where your nearest Café Rouge is, simply call 0171 478 8042 for details. Opening hours are Mon-Sat 11am-11pm, Sun 12pm-10.30pm. For city branches, check with your local Café Rouge.

THE INDEPENDENT SPECIAL OFFER MENU

£5 Lunch

Hors d'Oeuvres

Saute de Morte Sausage with Red & Green Peppers

or

Salade de Bleu d'Auvergne avec Noix

Little Gem Lettuce with Blue Cheese and Walnuts

Plats Chauds

Saumon Grillé à la Béarnaise, Pommes de Terre Rissolées

Grilled Salmon with Béarnaise Sauce

or

Poulet Roti au Gratin Dauphinois

Roast Breast of Chicken with Dauphinois Potatoes

Filter coffee

£10 Dinner

Hors d'Oeuvres

Soupe de Poissons Méditerranéen Fish Soup with Croutons, Rémoulade and Gratinéed cheese

or

Terrine Mâconnaise

Pâté of Chicken Liver flavoured with Madeira. Served with Bread

Plats Chauds

Norvégien Lamb stew cooked on the bone

or

Marmite Dieppoise

Normandy Fish Stew of Scallops, Mussels, Prawns and Salmon finished with Mushrooms and Cream

Desserts

Oranges Caramélisées

Caramelised Oranges, Cinnamon Ice Cream, or

Profiterole Suzet Caramélisé

Profiterole filled with Vanilla Ice Cream, Buttercream Sauce

Filter coffee

15% Service Charge included

Tarmac finds recovery elusive

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

As Britain's biggest civil engineering and contracting group, Tarmac ought to have good idea of the lie of the land. The trouble is the company has developed a reputation for crying on the side of optimism too often. Its most costly error was to badly misread the housing market - a decision that ultimately resulted in last year's £600m asset swap with Wimpey's minerals and construction business.

Yesterday Nevill Simms, Tarmac's chief executive, again brushed aside the gloom and doom emanating from rival contractors. In particular, he highlighted the cost benefits arising from integrating the Wimpey activities.

These are expected to yield more than £35m - twice as much as previously expected - and will put Tarmac in a strong position when market conditions improve. However, evidence that such a recovery is in sight is as elusive as ever.

The year to June, underlying pre-tax profits fell to £6.7m from £29.1m, at the bottom of market forecasts, due to tough markets and bad weather. Including a £65m exceptional charge for restructuring the Wimpey activities, including 1,400 redundancies, a 26,000 workforce, the half-time loss widened to £8.3m from £15.9m.

The biggest hit was taken in construction services. Profits here shrank from £5.5m to £700,000 as the design consultancy business slipped into a £2.8m loss, versus a £2.6m profit, after orders dried up. Mr Simms admitted Tarmac, preoccupied with Wimpey, had taken its eye off the ball.

The heavy building materials division fared better, with profits rising a fraction to £39.7m. But the picture here is far from rosy given the heavy exposure to the UK roads programme, which is being cut to ribbons. Volume declines of up to 24 per cent cast doubt on Tarmac's ability to push through single-digit price increases for much longer.

Similarly, doubts must be expressed about Mr Simms' enthusiasm for the Government's Private Finance Initiative, where Tarmac is in contract or preferred bidder for £800m of work. Few other contractors, or financiers, share Tarmac's belief in PFI's prospects.

Of equal concern is gearing of 66 per cent which must raise a question mark over the 5p dividend being maintained. Société Générale Strauss Turnbull has cut its forecast for pre-exceptional profits this year to £68m from £86m and has lowered its 1997 estimate to £94m from £114m. That implies a p/e of 19

falling to 14 with the shares up 3p to 96.5p. Given Tarmac's overwhelming bias towards the dull UK construction market, that looks expensive.

Steep price for More O'Ferrall

More O'Ferrall, the billboards to illuminated bus shelters group, is the dream investment - it enjoys a dominant position in a fast growing sector and has plenty of scope to grow in immature overseas markets. It is well financed with enviable cash flow.

Interim figures yesterday came with some bad news - the O'Ferrall is to be dropped to better reflect the fact that Adshel, the fast growing bus shelter arm, is now as big as group terms as the core. More O'Ferrall billboards operation. There was nothing else to complain about.

Elsewhere, More's new five-year plan envisages growth coming from diversifying away from bus shelters to backgrounds such as recycling bins and public toilets; from increasing yield per

Pre-tax profits of £6.2m were 33 per cent higher than last year's first half of £4.7m, struck from a 21 per cent increase in turnover from £39.3m to £47.8m. Earnings per share grew in line with profits to 12.4p and the interim payout rose 6 per cent to 3.6p (3.4p). Strong cash flow helped debts fall 31 per cent to £10.2m.

Driving those good figures was a marked shift in advertising fashion, away from television, which no longer delivers the mass audiences of old, towards outdoor media. Blue-chip advertisers such as BMW, Kellogg's, Pepsi and Procter & Gamble have started using outdoor advertising for the first time this year, but even so 200 of the top 300 brands have never used it. There is plenty of scope for growth through new clients.

Elsewhere, More's new five-year plan envisages growth coming from diversifying away from bus shelters to backgrounds such as recycling bins and public toilets; from increasing yield per

site by using shorter campaigns and better illumination, and from expanding in new markets such as south-east Asia.

The problem with such attractive investments, of course, is that they come at a price. On the basis of forecast profits of about £18m this year the shares trade on a p/e of about 20 at 91.5p, down 2p. For a growth rate going forward in the mid to high teens that is pretty steep.

McKechnie is back on track

McKechnie the plastic mouldings to fasteners group, has been a nice little earner over the years. Hit hard by recession, profits have recovered smoothly during most of the 1990s and, after a pause for breath last year, the group now looks on course to resume the growth track.

Yesterday's figures reflect de-stocking, especially by electronics and telecoms customers, plus the weak market for housing-related products like curtain rails, which hit McKechnie from the end of 1995. Pre-tax profits up 11 per cent to £50.3m in the 12 months to July were only kept moving by the £5.7m operating contribution from three acquisitions picked up during the year.

Even so, the strength of McKechnie's market positions meant it could squeeze another 1.5 points out of gross margins in the year.

The de-stocking problem now seems to have eased, while the recovery in UK housing sales should spell good news - around 15 per cent of the business is dependent on the domestic DIY market. The 10 per cent of sales, mostly fasteners, which currently go into aircraft should also prosper during the current boom in orders. There should be some growth in the automotive side, around a quarter of the group, which will be boosted by a first-time contribution from last month's £15.3m acquisition of Dzus, a maker of clips.

The only question mark is the fifth of sales made into the depressed Australasia new housing market, although McKechnie is confident that will pick up next year. Meanwhile, gearing of 22 per cent leaves the management well placed for further acquisitions.

Profits of £62m this year would put the shares, up 22.5p at 551p, on a forward multiple of 13. Stay aboard.

Chelsfield shifts focus with bid for Exclusive hotels

TOM STEVENSON
City Editor

Chelsfield, the property company run by Elliot Bernerd, has entered the bidding for several of the Exclusive hotels being sold by Granada. Any acquisition would represent a further shift in emphasis towards the leisure industry for Chelsfield, which has a wide range of property interests including shopping centres, offices, a film studio and golf courses, but as yet no hotels.

Mr Bernerd is understood to be interested in acquiring hotel rooms to serve its Wentworth golf course operation both near to the course and in central London. The Wentworth operation gives away large amounts of business to local and London hotels and its thought to be keen to claw some of it back.

Granada said recently it hoped to announce the disposal of the former Forte luxury hotels by the end of the year. Chelsfield already has in-house expertise in the hotel sector

through the head of the Wentworth business, Willi Bauer, who used to run the Grosvenor House hotel in London.

Chelsfield's interest in hotels is in keeping with the company's move in recent years away from traditional property investments such as office blocks, which Mr Bernerd believes have only limited scope for growth. He has focused instead on big retail and leisure investments such as the Merry Hill shopping centre in the West Midlands, Wentworth and a proposed 850,000 square foot centre at White City in West London, which Chelsfield is developing in partnership with Godfrey Bradman, the former head of Rosebraugh.

One office development, Wool House in London's Carlton Gardens, has been put on hold while the company determines whether to apply for permission to turn the site into luxury apartments. Chelsfield owns several riverside office buildings in London which it is planning to convert into resi-

dential schemes, including one next to the Globe Theatre re creation in Southwark.

News of Chelsfield's shift accompanied interim profit figures, which emerged at the end of analysis' expectations with profits rising from £4.3m to £5m and net assets per share up from 174p to 197p. The shares closed up higher at 28p.

Mr Bernerd said Merry Hill continued to be the principal contributor to a strong retail income performance. Rents rose 14 per cent in the period to £17.4m. An application to build a 450,000 square feet extension to the shopping centre, which since June has been wholly owned by Chelsfield, is on the desk of the Environment Secretary, John Gummer. The project would involve a £100m investment.

Chelsfield has become one of the property sector's best-regarded companies since floating three years ago. Earlier this year it launched a £10m rights issue. Take up was over 99 per cent.

British Gas man to take top job at Enterprise Oil

MAGNUS GRIMOND

Enterprise Oil yesterday moved to ensure an orderly succession at the top after it announced that Pierre Jungels, head of exploration and production at British Gas, would take on the chief executive's job from Graham Hearne, who is also the oil group's long-standing executive chairman.

Mr Hearne will move to a non-executive role, while Mike Pink is to retire as managing director after two-and-a-half years in the job. He is expected to receive a payoff not exceeding his annual salary of £20,000.

The appointment of Mr Jungels, a Belgian, who starts the £250,000-a-year post in January, sees shares in Enterprise Oil 3.5p higher to 519p yesterday.

One analyst said: "Graham Hearne fell out of favour during the bid for Lasmo, so quite a lot of people will be glad to see the back of him. There is a certain amount of relief that he is going.

"The 52-year-old Mr Jungels would be seen as a safe pair of hands, keeping the seat warm for the up and coming 'young turks' among the junior management at Enterprise.. he added.

Mr Hearne said it would be his 60th birthday next year, the normal date for retirement at Enterprise. "I wrote the rule book ... and I think it's no bad thing to get a new chief executive after 13 years."

The board had been working on succession policy for some time and had always expected that Mr Pink, who also reaches retirement age next year, would bow out.

Mr Hearne said Mr Jungels would be "chief executive in every sense of the term", but he also said he intended to carry on as chairman for a few more years.

Mr Jungels only joined British Gas at the end of last year, just before the group announced plans to break itself into two parts.



Pierre Jungels: takes over from Graham Hearne

Blue Circle in joint venture to develop Kent land

Blue Circle Industries is forming a joint venture to develop its surplus land holdings, in particular the cement company's 2,250 acres in north-west Kent, where it has already submitted a planning application to develop 175 acres in the Ebbsfleet valley.

The venture is with Lend Lease and will be called White-

cliff, which will have a six-member board.

The total north-west Kent project envisages up to 5.3 million square feet of commercial development and 3,200 new houses around the proposed international and domestic passenger station to be built on the Channel Tunnel rail link at Ebbsfleet.

The north west Kent area also includes the 1.6 million square feet Bluewater retail and leisure centre, in which Blue Circle and Lend Lease are already in partnership, and Blue Circle's 3 million square feet mixed-use Business Park at Crossways.

Blue Circle hopes that outline planning permission for the de-

velopment at Ebbsfleet will be granted in mid-1997, facilitating the first phase of Ebbsfleet development to be ready for occupation in 2003, to coincide with the opening of the station.

At the outset, Stuart Hornsey, chairman of Lend Lease, will be chairman of Whitecliff, and Keith Orrell-Jones, chief executive of Blue

Circle, will be deputy chairman. Tony Kemp, Blue Circle property director, will be the chief executive and John McCready, a director of Blue Circle Properties, will be chief operating officer.

Blue Circle said its group

development will not be affected by the creation of the joint venture.

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DATA BANK

FT-SE 100	3910.5	-9.2
FT-SE 250	4288.2	-6.4
FT-SE 350	1952.6	-4.2
SEAQ VOLUME	636m shares,	
	37,356 bargains	
Elite Index	93.18	+0.03

SHARE SPOTLIGHT

STANFORD BANK



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